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

LAPA
LOYAC ACADEMY OF PERFORMING ARTS

FINANCIAL STATEMENTS
31 December 2020

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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

Opinion

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 2020, 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 2020 and its financial performance for the year ended 31 December 2020 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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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. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the 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.

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.

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

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 2020 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)

5 May 2021
Kuwait

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 KD	2019 KD
ASSETS			
Non-current assets			
Furniture and equipment	3	**6,068**	8,668
Current assets			
Accounts receivable and prepayments	4	**1,205**	20,277
Cash and bank balances	5	**41,777**	7,031
		42,982	27,308
TOTAL ASSETS		**49,050**	35,976
EQUITY AND LIABILITIES			
EQUITY			
Capital	6	**15,000**	15,000
Statutory reserve	6	**127**	-
Voluntary reserve	6	**127**	-
Retained earnings / (accumulated losses)		**1,014**	(22,619)
TOTAL EQUITY		**16,268**	(7,619)
LIABILITIES			
Current liabilities			
Deferred contributions		**25,000**	17,444
Payables to a related party	10	**67**	12,528
Accounts payable and accruals	7	**7,715**	13,623
Total current liabilities		**32,782**	43,595
TOTAL LIABILITIES		**32,782**	43,595
TOTAL EQUITY AND LIABILITIES		**49,050**	35,976

Fareah Ahmad Al Saqqaf
Chairperson and Managing Director

The attached notes 1 to 15 form part of these financial statements.

STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	*2020* *KD*	*2019* *KD*
OPERATING AND SUPPORT REVENUES			
Contributions			
Corporate and individuals	8	**74,400**	46,250
Services and materials	8	**164,537**	170,055
Total contributions		**238,937**	216,305
Projects and programs			
Contribution from projects and programs	8	**165,062**	337,046
Other income	8	**35,068**	330
Deferred contributions		**(25,000)**	(17,444)
Total revenue from projects and programs		**175,130**	319,932
Total operating and support revenues		**414,067**	536,237
OPERATING EXPENDITURE			
Projects and programs			
Events and programs	9	**(165,860)**	(300,115)
Supporting services			
Management and general	11	**(224,320)**	(253,730)
Total operating expenditure		**(390,180)**	(553,845)
RESULTS FROM OPERATIONS FOR THE YEAR		**23,887**	(17,608)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**23,887**	(17,608)

The attached notes 1 to 15 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Retained earnings/ (accumulated losses) KD*	*Total KD*
As at 1 January 2020	15,000	-	-	(22,619)	(7,619)
Total comprehensive income for the year	-	-	-	23,887	23,887
Transfer to reserves	-	127	127	(254)	-
At 31 December 2020	**15,000**	**127**	**127**	**1,014**	**16,268**
As at 1 January 2019	15,000	-	-	(5,011)	9,989
Total comprehensive loss for the year	-	-	-	(17,608)	(17,608)
At 31 December 2019	15,000	-	-	(22,619)	(7,619)

The attached notes 1 to 15 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	***2020 KD***	*2019 KD*
OPERATING ACTIVITIES			
Results from operations for the year*		**23,887**	(17,608)
Adjustments to reconcile results of operations to net cash flows:			
Depreciation of furniture and equipment	3	**3,681**	3,117
Operating surplus (deficit) before changes in working capital		**27,568**	(14,491)
Working capital adjustments:			
Contributions receivable		**-**	40,000
Accounts receivable and prepayments		**19,072**	(16,658)
Deferred contributions		**7,556**	(36,141)
Payables to a related party		**(12,461)**	8,568
Accounts payable and accruals		**(5,908)**	6,547
Net cash flows from (used in) operating activities		**35,827**	(12,175)
INVESTING ACTIVITIES			
Purchase of furniture and equipment	3	**(1,081)**	(7,089)
Net cash flows used in investing activities		**(1,081)**	(7,089)
NET INCREASE (DECREASE) IN CASH AND BANK BALANCES		**34,746**	(19,264)
Cash and bank balances at 1 January		**7,031**	26,295
CASH AND BANK BALANCES AT 31 DECEMBER	5	**41,777**	7,031

* *Results from operations for the year includes non-cash contributions amounting to KD 164,537 (2019: KD 170,055).*

1 CORPORATE INFORMATION

The financial statements of LOYAC for Theatrical Production Company (Fareah Ahmad Mohammed Al Saqqaf & Partner) W.L.L. ("the Company" or "LAPA") for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the partners on 5 May 2021.

The Company is a limited liability company incorporated in the State of Kuwait 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.

2.1 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amended standards and interpretations

The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment did not have any material impact on the consolidated financial statements of the Company.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies, financial position or performance of the Company.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations which are effective for annual periods beginning on or after 1 January 2020 have not been early adopted in the preparation of the Company's financial statements. None of these are expected to have a significant impact on the Company's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in all of its revenue arrangements since it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

Contributions and donations

Contributions, which include unconditional promises to give (pledges), are recognised as revenues at a point in time when they become receivable. Conditional contributions are recorded when the performance obligation (i.e. conditions) have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the sponsor/donor.

LAPA classifies contributions as temporarily restricted net assets if they are received with sponsor/donor 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 financial position. 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.

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 transferred over time.

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 over the time when received as income and expenses.

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

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

Other revenue is recognised on an accrual basis.

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

2.4.2 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.

2.4.3 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.4 Furniture and equipment

Recognition and measurement
Items of furniture 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 furniture and equipment is determined by comparing the proceeds from disposal with the carrying amount of the furniture 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 furniture and equipment. A change in the estimated useful life of furniture 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 furniture 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.

Expenditure incurred to replace a component of an item of furniture 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 furniture and equipment. All other expenditure is recognised in the statement of activities and other comprehensive income as the expense is incurred.

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

2.4.5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 (or cash-generating unit). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of activities and other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company has not designated any financial assets as at fair value and financial assets at amortised cost is more relevant to the Company.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of activities when the asset is derecognised, modified or impaired.

The Company has not designated any financial assets as at fair value through profit or loss and financial assets at amortised cost is more relevant to the Company. The Company's financial assets at amortised cost includes accounts receivable.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.6 Financial instruments (continued)

i) Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) 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 its 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.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

ii) 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 and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accruals.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Company has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Company.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.6 Financial instruments (continued)

ii) Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of activities.

Accounts payable and accruals

Accounts payable and accruals are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of activities.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4.7 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 the 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.

2.4.8 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.

2.4.9 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.

2.4.10 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.

Contingent assets are not recognised in the statement of financial position, but are disclosed when an inflow of economic benefits is probable.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.11 Fair value measurement

The Company measures financial instruments at each reporting date. 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.

2.4.12 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.4.13 Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognises in the Company's financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.4.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a part of comprehensive income, on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the grant relates to non-monetary assets, the asset and the grant are recorded at nominal amounts and released to statement of comprehensive income over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

The Company recognises the grant related as other income in the statement of comprehensive income.

2.5 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.

2.5.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments; however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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.

2.5.2 Judgements

The management has not made critical judgements in applying the Company's accounting policies which may have a significant effect on the amounts recognised in the financial statements.

Classification of financial assets

The Company determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Going concern assessment

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the necessary resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

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.

3 FURNITURE AND EQUIPMENT

	Motor vehicles KD	*Office equipment KD*	*Furniture and fixtures KD*	*Total KD*
Cost:				
At 1 January 2019	5,950	10,198	2,159	18,307
Additions	-	6,862	227	7,089
At 31 December 2019	5,950	17,060	2,386	25,396
Additions	-	645	436	1,081
At 31 December 2020	**5,950**	**17,705**	**2,822**	**26,477**
Depreciation:				
At 1 January 2019	4,466	8,184	961	13,611
Depreciation charge for the year	1,190	1,477	450	3,117
At 31 December 2019	5,656	9,661	1,411	16,728
Depreciation charge for the year	294	3,029	358	3,681
At 31 December 2020	**5,950**	**12,690**	**1769**	**20,409**
Net book value:				
At 31 December 2020	-	**5,015**	**1,053**	**6,068**
At 31 December 2019	294	7,399	975	8,668

No materials contributed were included within additions of furniture and equipment as at 31 December 2020 (2019: KD Nil).

4 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2020 KD	*2019 KD*
Prepaid expenses	**755**	973
Other receivables	**450**	19,304
	1,205	20,277

The credit risk exposure at the reporting date is the carrying value of each class of receivables mentioned above. The credit risk exposure is disclosed in Note 12.1.

Other receivables do not contain impaired assets.

5 CASH AND BANK BALANCES

	2020 KD	*2019 KD*
Bank balances	**40,950**	5,564
Cash on hand	**827**	1,467
	41,777	7,031

6 EQUITY

6.1 Capital

The capital of the Company consists of 100 units (2019: 100 units) of KD 150 (2019: KD 150) each, fully paid in cash and distributed among the partners as follows:

	2020		2019	
Partners	***Number of units***	***Amount KD***	*Number of units*	*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

6.2 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.

During the year, the Company has transferred 10% of profits to the statutory reserves after extinguishing the prior year accumulated losses.

6.3 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.

During the year, the Company has transferred 10% of profits to the voluntary reserves after extinguishing the prior year accumulated losses.

7 ACCOUNTS PAYABLE AND ACCRUALS

	2020 KD	*2019 KD*
Accrued expenses	**7,429**	13,497
Other payables	**286**	126
	7,715	13,623

Other payables are non-interest bearing and are repayable within six months.

9 OPERATING EXPENDITURE – PROJECTS AND PROGRAMS

	Salaries *KD*	*Students training* *KD*	*Travel and housing* *KD*	*Media* *KD*	*Printing and supplies* *KD*	*Contractual services* *KD*	*Material costs* *KD*	*Others* *KD*	*Contributed services and materials* *KD*	*Total 2020* *KD*	*Total 2019* *KD*
Drama production	2,858	66	502	577	68	-	2,342	18,648	9,360	**34,421**	22,532
Music department	35,155	431	60	3,324	64	1,627	1,153	86	30	**41,930**	28,715
Dance department	21,281	-	810	519	-	88	135	34	-	**22,867**	56,597
Fine art department	1,737	-	180	1,001	-	-	88	9,662	-	**12,668**	1,949
Performances/events	18,301	894	8,497	4,178	609	5,100	1,267	7,078	8,050	**53,974**	190,322
	79,332	1,391	10,049	9,599	741	6,815	4,985	35,508	17,440	**165,860**	300,115

10 RELATED PARTY DISCLOSURES

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 2020 and 2019.

The following table shows the aggregate value of transactions and outstanding balances with related parties:

Statement of activities and other comprehensive income	***Parent Company KD***	***2020 KD***	*2019 KD*
Contributions	**23,869**	**23,869**	14,710
Revenue from programs and events	**-**	**-**	(17,942)
Expenses	**(23,936)**	**(23,936)**	(10,031)
	(67)	**(67)**	(13,263)

Statement of financial position *Amounts due (to) from related parties*	***2020 KD***	*2019 KD*
- Parent Company	**(67)**	(13,263)
- Key management personnel	**-**	735
	(67)	(12,528)

Amounts due to/from related parties are unsecured interest-free and have no fixed terms of repayment.

11 MANAGEMENT AND GENERAL EXPENSES

	2020 KD	*2019 KD*
Salaries and benefits	**58,270**	82,636
Rent	**78,600**	80,400
Contributed services by board members	**72,000**	72,000
Office and administrative expenses	**1,075**	2,882
Advertising and media	**254**	2,995
Communication costs	**785**	1,265
Professional fees	**5,656**	1,500
Repair and maintenance	**3,469**	4,272
Depreciation	**3,681**	3,118
Printing and office stationery	**530**	2,662
	224,320	253,730

Included within management and general expenses is an amount of KD 147,097 (2019: KD 151,190) representing contributed services and materials.

12 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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 is not exposed to market risk as none of the Company's financial assets are listed on any stock exchange, the Company does not have any interest bearing assets or liabilities and the Company mainly deals in Kuwaiti Dinar. The risks are monitored through the Company's strategic planning process.

The Company's financial assets comprise accounts receivables and bank balances. Financial liabilities comprise accounts payable and accrued expenses and payables to related parties.

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:

12.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

Credit risk arises from bank balances and accounts receivables. The Company's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned below.

	2020	*2019*
	KD	*KD*
Bank balances	**40,950**	5,564
Account receivables (excluding prepayments)	**450**	19,304
	41,400	24,868

Collateral and other credit enhancements

The Company does not have any collateral or other credit enhancements against any of the financial assets at 31 December 2020.

Other receivables

Other receivables are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

Bank balances

Credit risk from bank balances is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

Expected credit losses on bank balances and term deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

12 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

12.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. The 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 the Company's reputation.

The 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.

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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 accounts receivables and bank balances. Financial liabilities consist of accounts payable and accruals and amounts due to related parties.

Fair values of all financial instruments are not materially different from their carrying values. The management assessed that the fair values of accounts receivables, accounts payable and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. As to amounts due to related parties which have no specified repayment date and are receivable/repayable on demand, management assessed that fair value is not less than their carrying value.

14 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 incurred on programs and other activities to achieve sound capital position.

The primary objective of the Company's capital management is to maximise the stakeholder value.

No changes were made in the objectives, policies or processes during the year ended 31 December 2020 and 31 December 2019.

15 IMPACT OF COVID-19

Coronavirus pandemic (COVID-19), which began to spread by the beginning of 2020 and witnessed a rise in the number of cases in most countries worldwide, including Kuwait, has negatively impacted most businesses and economics in addition to its impact on the sharp drop in the global oil prices, which in general, tend to affect the economic growth heavily. In the absence of a specific treatment for this virus, it is difficult to predict the period of closure for some businesses, the partial curfews and the suspension of flights that were recommended by the governmental bodies in Kuwait and most of the countries worldwide.

15 IMPACT OF COVID-19 (continued)

Given the persistent volatility, the extent and duration of these trade and economic effects remains uncertain and depends on future developments that currently cannot be quantified accurately. These developments include the rate at which coronavirus is transmitted, the extent and effectiveness of containments, the movement in product prices, demand, and the overall pace of the global economies' movement. Accordingly, the economic and commercial impacts on the Company's operations cannot be reliably assessed until the date of issuance of these financial statements. In this context the Company has taken into account whether any adjustments or changes in judgements, estimates, and risk management should be necessarily considered as well as recorded in the financial statements.

Accordingly, the Company continued to develop assumptions, development scenarios, impacts and developments as part of the operational results and cash flows for future reporting periods that may have a substantial impact and material adjustments on the financial statements. The main assumptions are as follows:

Impairment of non-financial assets
The Company has considered any impairment indicators or any significant uncertainties impacting its inventories, property and equipment, intangible assets and right-of-use assets especially arising from any change in lease terms and concluded that there is no material impact of COVID-19.

Government grants
Further, during the year, the Company received an aggregate amount of KD 5,661 as COVID-19 support towards staff costs from the Kuwait Government. The same has been included in other income in statement of comprehensive income.