

FLOATING CITY MAIN OWNERS ASSOCIATION

(Owners Association)

AMWAJ – KINGDOM OF BAHRAIN

FINANCIAL STATEMENTS

31 MARCH, 2022

FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)

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FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)

Registration No. : 78424001

Chairman : Mahmood Yusuf Al mahmood
Vice chairman : Konstantinos Tskias
Secretary : Yusuf Hasan Saleh Alsobaiei
Treasurer : Majeed Khalil Bader
Board member : Abdulla Said Alharthy
Board member : Fawaz Humood Mohamed Ali
Board member : Khalil Ebrahim Ali Ahmed Al Aali
Board member : Khalil Ali Abalhasan Husain Aseeri
Board member : Declan Joseph Gaynor

Registered Office : Office 5, Building 103
Road 59, Block 257
Amwaj - Kingdom of Bahrain

Bank : Ithmaar Bank

Auditors : UHY El-Sayed El-Ayouty & Co,
Certified Public Accountants
P.O.Box : 11869
Manama – Kingdom of Bahrain

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS
FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)
AMWAJ – KINGDOM OF BAHRAIN**

**Report on the Audit of the Financial Statements
Opinion**

We have audited the financial statements of **FLOATING CITY MAIN OWNERS ASSOCIATION** ("the Association"), which comprise the statement of financial position as at 31 March, 2022, statement of income and expenditure, statement of changes in fund and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 March, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Responsibilities of Management 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the financial reporting process.



**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS
FLOATING CITY MAIN OWNERS ASSOCIATION (Continued)
(Owners Association)**

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 judgement 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 association'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 Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management 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 BOARD OF DIRECTORS
FLOATING CITY MAIN OWNERS ASSOCIATION (Continued)
(Owners Association)**

Report on Anti-Money Laundering and Terrorism Financing Requirements

We have examined the internal controls as well as policies & procedures relevant to detecting & reporting of suspicious transactions, in addition to systems and procedures relevant for client identification.

To the best of our knowledge and belief we report that:

1. The Association maintains proper internal control systems and procedures sufficient of monitoring and reporting of suspicious or extraordinary transactions.
2. The Association holds sufficient measures and internal procedures relevant to verifying the identity of its customers.
3. The Association had reported all suspicious or extraordinary transactions conducted during the financial year ended 31 March, 2022.
4. As at financial year ended 31 March, 2022 we are not aware of any obligations related to the Ministerial order (103) of 2021 regarding the concerning obligations related to the procedures of the prohibition of and combating Money Laundering and Terrorism Finance in the business of the persons registered in the commercial register and the audit registry in the Kingdom of Bahrain.

Mohammed Al-Shayeb
MOHAMMED AL-SHAYEB (85)
Managing Partner
27 November, 2022
Manama - Kingdom of Bahrain



FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH, 2022

(Amounts are expressed in Bahraini Dinars)

	<u>Note</u>	
Assets		
Current assets		
Members' receivables	3	106,797
Bank balance		<u>20,015</u>
Total current assets		<u>126,812</u>
Total assets		<u><u>126,812</u></u>
Funds and liabilities		
Fund and reserves		
Sinking fund		14,158
Accumulated fund		<u>93,643</u>
Total funds		<u>107,801</u>
Liabilities		
Current liabilities		
Other payables	4	<u>19,011</u>
Total liabilities		<u>19,011</u>
Total funds and liabilities		<u><u>126,812</u></u>

The attached notes from (1) to (6) form part of these financial statements



Mahmood Yusuf Al mahmood
(Chairman)



Majeed Khalil Bader
(Treasurer)



FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)

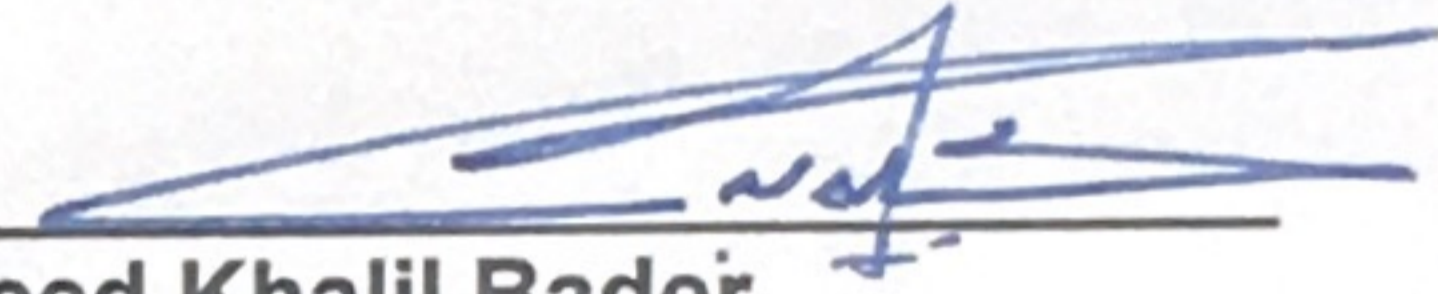
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH, 2022
(Amounts are expressed in Bahraini Dinars)

	<u>Note</u>	
Income		
Income		155,457
Allocation to sinking funds		<u>(14,158)</u>
Net income		<u>141,299</u>
Expenses		
General and administration	5	<u>(47,656)</u>
Excess of income over expenditure for the year		<u><u>93,643</u></u>

The attached notes from (1) to (6) form part of these financial statements



Mahmood Yusuf Al mahmood
(Chairman)



Majeed Khalil Bader
(Treasurer)



FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 MARCH, 2022
(Amounts are expressed in Bahraini Dinars)

	Sinking fund	Accumulated fund	Total
14,158	14,158	-	14,158
-	-	93,643	93,643
14,158	14,158	93,643	107,801

Particulars

Sinking fund contributions by the members
Excess of income over expenditure for the year

At 31 March, 2022



FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2022
(Amounts are expressed in Bahraini Dinars)

Operating activities	
Net profit for the year	93,643
Changes in operating assets and liabilities	
Members' receivables	(106,797)
Other payables	19,011
Net cash from operations	<u>5,857</u>
Financing activities	
Movement in Sinking fund contributions (net)	<u>14,158</u>
Net cash from financing activities	<u>14,158</u>
Net increase in cash and cash equivalents	20,015
Cash and cash equivalents at the beginning of the year	<u>-</u>
Cash and cash equivalents at the end of the year	<u><u>20,015</u></u>
Cash and cash equivalents comprise:	
Bank balance	<u>20,015</u>
	<u><u>20,015</u></u>



FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2022
(Amounts are expressed in Bahraini Dinars)

1 General information

FLOATING CITY MAIN OWNERS ASSOCIATION is registered with the Information and E-government Authority, Kingdom of Bahrain with Registration No. 78424001.

This article of Association is based in principle on the Real Estate Regulatory Authority's Resolution No. (1) of 2020 Regulating Owners Associations of Joint Properties, which came into effect on May 08, 2020 which is encompassed within Law No. (27) of 2017, "Promulgating the Real Estate Sector Regulation Law" which came into effect on 1 March 2018.

The principal activities of the association is to manage the floating city which allows their members' to have a say in how various areas are managed and to maintain their properties in accordance with principles of good estate management.

The Association receives funds from their members and these contributions are allocated to cover the expenses of managing, operating, maintaining and repairing the main or central common areas, as the case may be, and insurance expenses for them.

The Floating City is a Residential Development located on the southeastern region of Amwaj Islands, adjacent to the main entrance. The Floating City covers an area of approximately 55,000 square metres.

2 Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the International financial Reporting Standards issued by the International Accounting Standards Board. These are presented in Bahraini Dinars.

2.1 Members' receivables

Members' receivables are recognized on normal credit terms and do not bear interest. At each reporting date, the carrying amounts of Members' receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the income statement.

2.2 Cash and cash equivalents

For the purpose of cash flows statement, cash and cash equivalents comprise of balances with bank.

2.3 Sinking fund

Sinking fund represents the increase in the amount of members' subscription to cover unforeseen expenses and due to emergency reasons, provided that such increase may not exceed 10% of the annual subscription amount.

2.4 Accumulated fund

Accumulated fund represents the accumulated surpluses of income over expenditure



FLOATING CITY MAIN OWNERS ASSOCIATION
(Owners Association)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2022
(Amounts are expressed in Bahraini Dinars)

2.5 Income recognition

Income represents total contributions from all members and it is recognized on accrual basis.

The Association's contribution revenue from its members is derived from the approved annual budget , to which each member contributes their share to the Association.

3 Members' receivables

Members' receivables	106,797
	<u>106,797</u>

4 Other payables

Accrued expenses	5,181
Other payables	13,830
	<u>19,011</u>

5 General and administration expenses

Security services	19,665
Canal waterways and lock gate services	19,058
Central Amwaj court case	2,500
Lawyer expenses	2,280
Management	1,291
Electricity expenses	1,200
Accounting firm	825
Cathodic protection maintenance	378
Insurance	263
Telephone expense	27
Bank fees and charges	11
Miscellaneous expenses	158
	<u>47,656</u>

6 Comparative figures

This is the first set of audited financial statements of the Association from the date of registration, hence the comparative figures are not available.

