

**Board of Directors' Report on the Approval of the
Audited Financial Statements for the Financial Years Ended
31 December 2024 and 31 December 2025**

**تقرير مجلس الإدارة بشأن
اعتماد القوائم المالية (المدققة) للسنتين الماليتين المنتهيتين في
31 ديسمبر 2024 و 31 ديسمبر 2025**

First: Introduction

أولاً: مقدمة

In accordance with the notification requirements for convening the General Assembly as stipulated in Article (53) of Resolution No. (1) of 2020 regulating Owners Associations in jointly owned properties, issued by the Real Estate Regulatory Authority.

وفقاً لضوابط الإخطار لعقد الجمعية العمومية المنصوص عليها في المادة (53) من القرار رقم (1) لسنة 2020 بتنظيم أحكام اتحادات الملاك في العقارات المشتركة الصادر من مؤسسة التنظيم العقاري.

With reference to the appointment of KPMG Fakhro as the external auditor to audit the Association's accounts for the financial years ended 31 December 2024 and 31 December 2025,

وبالإشارة إلى اعتماد تعيين شركة كي بي إم جي فخرود مدققاً خارجياً للقيام بأعمال التدقيق على حسابات الاتحاد للسنتين الماليتين المنتهيتين في 31 ديسمبر 2024 و 31 ديسمبر 2025.

We hereby present in this report the results of the audit work as outlined below.

نورد في هذا التقرير نتائج أعمال التدقيق فيما سيرد أدناه.

Second: Financial Report for the Year Ended 31 December 2024

ثانياً: التقرير المالي للسنة المنتهية في 31 ديسمبر 2024

During Board of Directors Meeting No. (1) of 2025, held on 8 January 2025, the Board assigned the Association Manager to coordinate with the external auditor to commence the audit procedures for the Association's financial statements for the year ended 31 December 2024, in coordination with the Vice Chairman and the Treasurer.

خلال اجتماع مجلس الإدارة رقم (1) لسنة 2025 المنعقد بتاريخ 8 يناير 2025، قام المجلس بتكليف مدير الاتحاد لمباشرة التنسيق مع المدقق المالي للبدء في إجراءات التدقيق على القوائم المالية للاتحاد للسنة المالية المنتهية في 31 ديسمبر 2024، وذلك بالتنسيق مع كل من نائب رئيس مجلس الإدارة وأمين الخزانة.

Several meetings were held with representatives of the external auditor, culminating in Board Meeting No. (12) of 2025, held on 21 October 2025, during which the Board reviewed the audited financial report of the Association for the year ended 31 December 2024. The external auditor issued an unqualified opinion, confirming that the financial statements of the Association have been prepared, in all material respects, in accordance with the applicable basis of accounting.

وقد عقدت عدة اجتماعات مع ممثلين عن مكتب المدقق الخارجي، وانتهت في اجتماع مجلس الإدارة رقم (12) لسنة 2025 المنعقد بتاريخ 21 أكتوبر 2025، حيث استعرض المجلس التقرير المالي المدقق للاتحاد للسنة المالية المنتهية في 31 ديسمبر 2024. وقد أبدى المدقق الخارجي رأياً غير متحفظ، مؤكداً أن البيانات المالية للاتحاد قد أعدت، من جميع النواحي الجوهرية، وفقاً لأساس الإعداد المحاسبي المعتمد.

The Board reviewed the audited report, was satisfied with its contents, and resolved to sign it and submit it to the General Assembly for approval.

وقد اطلع مجلس الإدارة على التقرير المدقق، واطمأن إلى ما ورد فيه، وقرر التوقيع عليه ورفعته إلى الجمعية العمومية لاعتماده.

Third: Financial Report for the Year Ended 31 December 2025

During Board of Directors Meeting No. (2) of 2026, held on 3 February 2026, the audit team from KPMG Fakhro attended, and the audit work on the Association's accounts for the year ended 31 December 2025 was discussed. The Board also reviewed the audit approach and principles to be applied and considered the auditor's observations. The Board emphasized the importance of completing the audit for 2025 prior to the scheduled General Assembly meeting in May.

At Board Meeting No. (3) of 2026, held on 14 April 2026, the Board reviewed the audited financial report of the Association for the year ended 31 December 2025. The external auditor issued an unqualified opinion, confirming that the financial statements of the Association have been prepared, in all material respects, in accordance with the applicable basis of accounting.

The Board reviewed the audited report, was satisfied with its contents, and resolved to sign it and submit it to the General Assembly for approval.

Fourth: Board Recommendation

Based on the above, the Board of Directors of Riffa Views Owners Association recommends that the General Assembly approve the audited financial statements of the Association for the financial years ended 31 December 2024 and 31 December 2025, as issued by the external auditor, KPMG Fakhro.

Attachments:

- 1- Audited financial statements for the year 2024
- 2- Audited financial statements for the year 2025

ثالثاً: التقرير المالي للسنة المنتهية في 31 ديسمبر 2025

خلال اجتماع مجلس الإدارة رقم (2) لسنة 2026 المنعقد بتاريخ 3 فبراير 2026، حضر فريق التدقيق في شركة كي بي إم جي فخر، حيث تم خلال الاجتماع مناقشة أعمال التدقيق على حسابات الاتحاد للسنة المالية المنتهية في 31 ديسمبر 2025، كما تم الاستماع إلى الأسس والمبادئ التي سيتم من خلالها تطبيق أعمال التدقيق، كما أخذ المجلس بالملاحظات الواردة من المدقق المالي، ومن جانبه أكد المجلس على ضرورة الانتهاء من أعمال التدقيق للعام 2025 وذلك قبل موعد انعقاد الجمعية العمومية للاتحاد المقررة في شهر مايو.

وفي اجتماع مجلس الإدارة رقم (3) لسنة 2026 المنعقد بتاريخ 14 أبريل 2026، استعرض المجلس التقرير المالي المدقق للاتحاد للسنة المالية المنتهية في 31 ديسمبر 2025، حيث أبدى المدقق الخارجي رأياً غير متحفظ، مؤكداً أن البيانات المالية للاتحاد قد أعدت، من جميع النواحي الجوهرية، وفقاً لأساس الإعداد المحاسبي المعتمد. وقد اطلع مجلس الإدارة على التقرير المدقق، واطمأن إلى ما ورد فيه، وقرر التوقيع عليه ورفعها إلى الجمعية العمومية لاعتماده.

رابعاً: توصية مجلس الإدارة

بناءً على ما سبق، يوصي مجلس إدارة اتحاد ملك الرفاع فيوز الجمعية العمومية بالموافقة على اعتماد التقريرين الماليين المدققين للاتحاد للسنتين الماليتين المنتهيتين في 31 ديسمبر 2024 و31 ديسمبر 2025، والصادرين عن المدقق الخارجي كي بي إم جي فخر.

المرفقات:

- 1- القوائم المالية المدققة للسنة المنتهية في 31 ديسمبر 2024
- 2- القوائم المالية المدققة للسنة المنتهية في 31 ديسمبر 2025

Attachment (1)

المرفق (1)

**Audited financial statements
for the year 2024**

**القوائم المالية المدققة للسنة المنتهية
في 31 ديسمبر 2024**

RIFFA VIEWS OWNERS ASSOCIATION

FINANCIAL INFORMATION

31 DECEMBER 2024

Board of Director	:	Dr. Mazin Mohammed Ali Jumaah (Chairperson) Abdulla Ahmed Abdulla Abdulrahman Kamal (Vice-chairman) Latifa Isa FarhanAlbunoodha (Secretary) Mohammed Mahmood Shaikh (Treasurer) Dana Khamis Abdulrahman Rashed AlZayani (Board member) Yasser Abdulrahman Alaree (Association Manager)
Address	:	Villa 2591, Road 4322, Block 943 Riffa, Kingdom of Bahrain Telephone: 1775 7965
Banker	:	Al Salam Bank BSC
Auditors	:	KPMG Fakhro

Riffa Views Owners Association

FINANCIAL INFORMATION

For the year ended 31 December 2024

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Audit
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Kingdom of Bahrain

Telephone +973 17224807
Telefax +973 17227443
Website: www.kpmg.com/bh
CR No. 6220 - 2

1

Independent auditors' report

To the Homeowners of

*Riffa Views Owners Association
Riffa, Kingdom of Bahrain*

Opinion

We have audited the financial information of Riffa Views Owners Association (the "Association"), which comprise the statement of financial position as at 31 December 2024, the statements of income and expenditure, changes in funds and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial information of the Association for the year ended 31 December 2024 is prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial information.

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 Auditors' responsibilities for the audit of the financial information section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial information in the Kingdom of Bahrain, 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.

Emphasis of Matter

1) Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 2 to the financial information, which describes the basis of accounting. The financial information is prepared to meet reporting requirements of the Homeowners of the Association. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the Management and the Homeowners of the Association and should not be used by or distributed to parties other than the Management or the Homeowners of the Association. Our opinion is not modified in respect of this matter.

2) Prior Year Adjustment

We draw attention to Note 14 to the financial information which indicates that the comparative information presented as at and for the year ended 31 December 2023 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Information

The Management is responsible for the preparation of the financial information in accordance with the basis of accounting as set out in note 2 to the financial information, and for such internal control as the management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, the 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 the management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Independent auditors' report (continued)
Riffa Views Owners Association

Auditors' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 information.

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

- Identify and assess the risks of material misstatement of the financial information, 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 the management.
- Conclude on the appropriateness of the 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 auditors' report to the related disclosures in the financial information 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 auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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.



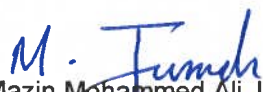
KPMG Fakhro
Partner registration number 136
21 October 2025

STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

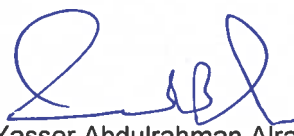
Bahraini Dinars

	Note	2024	2023
ASSETS			
Non-current assets			
Property and equipment	5	614,997	669,834
Total non-current assets		614,997	669,834
Current assets			
Trade and other receivables	6	342,020	309,198
Short-term bank deposits		1,114,000	814,000
Cash and cash equivalents	7	69,863	67,770
Total current assets		1,525,883	1,190,968
Total assets		2,140,880	1,860,802
FUNDS AND LIABILITIES			
Funds			
General reserve		120,000	120,000
Capital replacement reserve		819,827	558,971
Accumulated funds		736,438	751,910
Total funds (page 5)		1,676,265	1,430,881
Liabilities			
Current liabilities			
Due to related parties	8 b)	236,522	236,522
Trade and other payables	9	228,093	193,399
Total current liabilities		464,615	429,921
Total liabilities		464,615	429,921
Total changes in funds and liabilities		2,140,880	1,860,802

The financial informations were approved by the management on 21 October 2025 and signed on its behalf by:


Dr. Mazin Mohammed Ali Jumaah
Chairperson


Mohammed Mohamood Shaikh
Treasurer


Yasser Abdulrahman Alraee
Association Manager

The accompanying notes 1 to 14 are an integral part of these financial information.



STATEMENT OF INCOME AND EXPENDITURE
For the year ended 31 December 2024

Bahraini Dinars

	Note	2024	2023* (Restated)
INCOME	10	1,517,648	1,501,393
Community service expenses	11	(872,361)	(855,787)
Management fee		(294,631)	(292,563)
General and administrative expenses	12	(143,965)	(107,466)
Depreciation	5	(56,762)	(277,886)
Impairment allowance on trade receivables	6	-	(40,580)
Other income	13	95,455	536,719
Excess of income over expenditure for the year		245,384	463,830
Other comprehensive income		-	-
Total comprehensive income for the year		245,384	463,830

*The comparative financial information is restated on account of correction of adjustment. Refer to note 14.



M. Jumaah
 Dr. Mazin Mohammed Ali Jumaah
 Chairperson

Mohammed Shaikh
 Mohammed Mahmood Shaikh
 Treasurer

Yasser Alraee
 Yasser Abdulrahman Alraee
 Association Manager

The accompanying notes 1 to 14 are an integral part of these financial information.

STATEMENT OF CHANGES IN FUNDS
For the year ended 31 December 2024

Bahraini Dinars

2024	General reserve	Capital replacement reserve	Other reserve	Accumulated fund	Total
At 1 January 2024	120,000	558,971	-	751,910	1,430,881
Excess of income over expenditure for the year (page 4)	-	-	-	245,384	245,384
Transfer to reserve	-	260,856	-	(260,856)	-
At 31 December 2024	120,000	819,827	-	736,438	1,676,265

2023	General reserve	Capital replacement reserve	Other reserve	Accumulated fund	Total
At 1 January 2023	120,000	335,382	122,977	511,669	1,090,028
Excess of income over expenditure for the year (page 4)* (restated)	-	-	-	463,830	463,830
Utilized during the year	-	-	(122,977)	-	(122,977)
Transfer to reserve* (restated)	-	223,589	-	(223,589)	-
At 31 December 2023	120,000	558,971	-	751,910	1,430,881

*The comparative financial information is restated on account of correction of adjustment. Refer to Note 14.

The accompanying notes 1 to 14 are an integral part of these financial information.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

Bahraini Dinars

	Note	2024	2023
OPERATING ACTIVITIES			
Excess of income over expenditure for the year (page 4)		245,384	463,830
<i>Adjustments:</i>			
Depreciation expenses		56,762	277,886
Provision for impairment on trade receivables		-	40,580
Reversal of sinking fund accruals		-	(488,726)
		302,146	293,570
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(32,822)	4,949
Trade and other payables		34,694	30,617
Due to related parties		-	(220,000)
Net cash from operating activities		304,018	109,136
INVESTING ACTIVITIES			
Payments for acquisition of property and equipment	5	(1,925)	(1,067)
Movement for short-term bank deposits		(300,000)	(260,000)
Advance for sewage treatment plant		-	220,000
Net cash used in investing activities		(301,925)	(41,067)
FINANCE ACTIVITIES			
Payments of other reserve		-	(122,977)
Net cash used in financing activities		-	(122,977)
Net increase / (decrease) in cash and cash equivalents during the year		2,093	(54,908)
Cash and cash equivalents at 1 January		67,770	122,678
Cash and cash equivalents at 31 December	7	69,863	67,770

The accompanying notes 1 to 14 are an integral part of these financial information.

1 REPORTING ENTITY

Riffa Views Owners Association ("the Association") is an association of homeowners registered with the Real Estate Regulatory Authority of the Kingdom of Bahrain and operating under Certificate No. OA2020/0119 obtained on 15 March 2020. The registered office address of the Association is Building 405, Road 4303, Block 943, Riffa, Kingdom of Bahrain.

The Association was formed on 7 December 2019 through a general assembly of the homeowners and is owned by the owners of 1,054 units in Riffa Views, a gated residential community. The principal activity of the Association is to maintain the common areas in Riffa Views for the benefit of homeowners.

The Association was formed under the directives of the Real Estate Regulatory Authority (RERA) of the Kingdom of Bahrain, which regulates the real estate industry in the Kingdom of Bahrain. Previously, Riffa Views ("Development") was managed by RV Real Estate Company W.L.L ("Association Manager" or RVRE). The Association's activities before its formation were managed by RVRE. A master ownership transfer agreement has been signed between Riffa Views BSC (C) ("the Developer") and the Association whereby the Developer transfers the assets and liabilities related to development to the Association. In 2023, the master transfer agreement has been approved by the homeowners and certain assets was executed.

2 BASIS OF PREPARATION

The financial information is prepared to meet the reporting requirements of the Homeowners of the Association.

a) Statement of compliance

The financial information has been drawn up from the accounting records of the Association prepared in accordance with the accounting policies of the Association as stated in note 3.

b) Basis of measurement

The financial informations have been drawn up from the accounting records of the Association maintained under the historical cost convention.

c) Functional and presentation currency

Items included in the financial informations of the Association are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial informations are presented in Bahraini Dinars ("BD"), which is the Association's functional and presentation currency. All financial information presented in the financial informations has been rounded off to the nearest Bahraini Dinars.

d) Use of estimates and judgements

The preparation of financial information in conformity with accounting policies as per note 3 require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial information are described in note 4.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Association and are consistent with those used in the previous year.

a) Furniture and equipment

(i) Recognition and measurement

Furniture and equipment are carried at cost less accumulated depreciation and impairment allowances, if any. The cost of asset includes all costs directly attributable to bring the assets to their present location and condition for intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed from the accounts and any resultant gain or loss of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within "other income" in the statement of activities.

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the statement of activities as an expense as incurred. When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed from the accounts and any resultant gain or loss taken to the statement of activities.

(iii) Depreciation

Depreciation is calculated on cost by the straight-line method at annual rates which are intended to write-off the cost of the assets over their estimated useful lives and are charged to the statement of activities as follows:

Asset categories	Estimated useful life in years
Sewage treatment plant	20
Furniture and equipment	3

The estimated useful life of property and equipment are reviewed at each reporting date and revised where appropriate.

b) Financial instruments

The Association deals only in non-derivative financial instruments. Non-derivative financial instruments comprise service charge receivables, other receivables, cash and cash equivalents, due to related parties and trade and other payables.

(i) Classification of financial assets and financial liabilities

Financial assets are classified into three principal classification categories: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Financial liabilities are classified into amortized cost or at fair value through statement of income and expenditure.

NOTES TO THE 2024 FINANCIAL INFORMATION

Bahraini Dinars

3 MATERIAL ACCOUNTING POLICIES (continued)*(ii) Initial recognition, measurement and subsequent measurement*

The financial assets and liabilities are initially recognised on trade date when the Association becomes party to the contract. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through statement of income and expenditure, transaction costs that are directly attributable to its acquisition or issue. Financial assets and liabilities are subsequently remeasured at amortised cost.

(iii) Impairment of financial assets

The Association measures expected credit loss on financial assets carried at amortised cost using simplified approach as allowed by the standard to determine impairment of financial assets.

c) Employee benefits

Pensions and other social benefits for *Bahraini employees* are covered by the Social Insurance Organisation's scheme to which employees and employers contribute monthly on a fixed-percentage of-salaries basis.

The Company's contribution to this scheme, which represents a defined contribution scheme under IAS 19 – Employee Benefits, is expensed as incurred.

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector, based on length of service and final remuneration. The provision for this unfunded commitment which represents a defined benefit plan under IAS 19 – *Employee Benefits*, is made by calculating the notional liability had all employees left at the reporting date.

Effective 1 March 2024, all Bahrain based employers are required to make monthly contributions in relation to the expatriate employees indemnity to Social Insurance Organisation ("SIO"), who would be responsible to settle leaving indemnities for expatriate employees at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Company.

d) Provisions

A provision is recognised in the statement of financial position when the Association has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

e) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and balances with bank balances.

f) Short-term bank deposits

Short-term bank deposits comprise of fixed deposits with an original maturity of more than three months and less than one year.

NOTES TO THE 2024 FINANCIAL INFORMATION

Bahraini Dinars

3 MATERIAL ACCOUNTING POLICIES (continued)**g) Reserve****a) General reserve**

General reserve pertains to reserve for the purpose of sewerage treatment plant.

b) Capital replacement reserve

The Association's By-Laws require the Association to create a capital replacement reserve based on approved budget. For the year ended 31 December 2024, the allocation towards the capital replacement reserve amounted to BD 260,856 (2023: BD 223,589).

h) Income recognition

Income from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the organization expects to be entitled in exchange for those services, excluding amounts collected on behalf of third parties such as value added tax (VAT) and so on. The institution evaluates its income arrangements according to specific criteria.

The Association concluded that it acts as the principal in all of its revenue arrangements because it is the primary obligor in all of the income arrangements, as it typically controls the services before transferring them to the customer.

The Association's income consist of service fees and other service fees. Revenue is recognized over time or over time depending on the nature of the arrangement as follows:

- a) Service fees are recognized as income on straight-line basis over the specified period at the rate of BD 0.292 per square meter per month.
- b) Other fees are recognized as revenue at some point when the services are provided.
- c) Other income is recognized on an accrual basis, when earned.

i) Expense recognition

Expenses are recognised in the statement of income and expenditure as and when incurred by the Association.

j) Foreign currency transactions and balances

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Bahraini dinars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on conversion and translation are recognized in the statement of activities.

k) Management fees

Management fees is payable to the Managing Company for services rendered to the Association and is recognised as expenses in the year in which these are incurred in the statement of income and expenditure

NOTES TO THE 2024 FINANCIAL INFORMATION

Bahraini Dinars

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements includes:

a) Impairment of financial assets

Refer note 3 (b)(iii).

b) Useful life of property and equipment

The Association reviews the useful life of the property and equipment at each reporting date to determine whether an adjustment to the useful life is required. The useful are estimated based on the similar assets of the industry, and future economic benefit expectations of the management. Based on assessment made, then have been no change to the useful life of property and equipment.

5 PROPERTY AND EQUIPMENT**2024****Cost**

At 1 January

Additions during the year

At 31 December**Depreciation**

At 1 January

Charge for the year

At 31 December**Net book value**

	Sewage treatment plant	Furniture and equipment	2024
At 1 January	894,583	53,294	947,877
Additions during the year	-	1,925	1,925
At 31 December	894,583	55,219	949,802
At 1 January	226,516	51,527	278,043
Charge for the year	55,672	1,090	56,762
At 31 December	282,188	52,617	334,805
Net book value	612,395	2,602	614,997

2023**Cost**

At 1 January

Additions during the year*

At 31 December**Depreciation**

At 1 January

Charge for the year*

At 31 December**Net book value**

	Sewage treatment plant	Furniture and equipment	2023
At 1 January	-	1,562	1,562
Additions during the year*	894,583	51,732	946,315
At 31 December	894,583	53,294	947,877
At 1 January	-	157	157
Charge for the year*	226,516	51,370	277,886
At 31 December	226,516	51,527	278,043
Net book value	668,067	1,767	669,834

NOTES TO THE 2024 FINANCIAL INFORMATION

Bahraini Dinars

*This amount includes transfer from RV Real Estate Company WLL (RVRE) to the Association as part of the master asset transfer agreement (refer to Note 1).

6 TRADE AND OTHER RECEIVABLES

	2024	2023
Service charges receivables	427,435	399,563
Less: Impairment allowance on service charges receivables	(93,999)	(94,269)
	333,436	305,294
Other receivables	8,584	3,904
	342,020	309,198

Movement in impairment allowance on service charges receivables is as follows:

	2024	2023
At 1 January	94,269	60,117
Add: Charge for the year	-	40,580
Less: Written-off during the year	(270)	(6,428)
	93,999	94,269

7 CASH AND CASH EQUIVALENTS

	2024	2023
Cash in hand	210	121
Bank balances	69,653	67,649
Cash and cash equivalents as per the statement of cash flows	69,863	67,770

Bank balances are held in a current account and a profit bearing account with an Islamic bank in the Kingdom of Bahrain and are denominated in Bahraini Dinars.

8 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These represent transactions with the Association manager, managing company, senior management of the Association, and companies in which they have significant influence or control.

a) Significant related party transactions

	2024	2023
Net effect of transfer of STP from RVRE	-	236,522

b) Due to related parties

	2024	2023
RV Real Estate Company WLL (RVRE)	236,522	236,522
<i>Relationship</i>		
<i>Under common control</i>	236,522	236,522

The related party payables are interest free and are repayable on demand.

NOTES TO THE 2024 FINANCIAL INFORMATION

Bahraini Dinars

8 RELATED PARTIES (continued)**c) Transactions with key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association. The members of the board of directors of the Association are entitled to sitting fees not exceeding BD 1,250 per member and BD 6,250 was recognized during the year (2023: BD 6,250).

9 TRADE AND OTHER PAYABLES

	2024	2023
Trade payables	184,947	88,098
Accrued expenses	26,053	86,832
Advances from customers	11,018	15,985
Other payables	6,075	2,484
	228,093	193,399

10 INCOME

	2024	2023
Services and maintenance income	1,469,114	1,456,182
Sewerage treatment charges	34,148	32,113
Gate pass fee	10,886	11,298
Fee from no objection certificate	3,500	1,800
	1,517,648	1,501,393

11 COMMUNITY SERVICE CHARGE

	2024	2023
Facility management charges	685,776	686,890
Maintenance expenses	154,579	136,440
Utilities	29,811	30,218
Insurance	2,195	2,239
	872,361	855,787

12 GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Events and entertainment expenses	62,072	52,203
Legal and professional fees	33,014	26,287
Health and safety	16,000	-
Office expenses	7,438	5,662
Sitting fees (note 8 c)	6,250	6,250
Other expenses	19,191	17,064
	143,965	107,466

NOTES TO THE 2024 FINANCIAL INFORMATION

Bahraini Dinars

13 OTHER INCOME

	2024	2023
Profit on bank deposit	60,406	36,490
Reversal of sinking fund accruals	-	488,726
Miscellaneous income	35,049	11,503
	95,455	536,719

14 RESTATEMENT ON ACCOUNT OF PRIOR YEAR ADJUSTMENTS

During the year, the Association discovered that sinking fund contributions has been erroneously recognised as expense in its financial information. As a consequence, contributions to capital replacement reserve was recognised as sinking fund expenses in the Statement of income and expenditure which should have been recognised as appropriation of funds, by transfer from accumulated fund to capital replacement reserve.

The error has been corrected by restating each of the affected financial information line items for prior year. The following table summarises the impact on the financial information:

	Impact of correction of error		
	As previously reported	Adjustments	As restated
Statement of income and expenditure for the year ended 31 December 2023			
INCOME	1,501,393	-	1,501,393
Community service expenses	(855,787)	-	(855,787)
Management fee	(292,563)	-	(292,563)
General and administrative expenses	(107,466)	-	(107,466)
Depreciation	(277,886)	-	(277,886)
Sinking fund expenses	(223,589)	223,589	-
Impairment allowance on trade receivables	(40,580)	-	(40,580)
Other income	536,719	-	536,719
Excess of income over expenditure for the year	240,241	223,589	463,830

	Impact of correction of error		
	As previously reported	Adjustments	As restated
Movement in the accumulated fund under statement of changes in funds for the year ended 31 December 2023			
At 1 January 2023	511,669	-	511,669
Excess of income over expenditure for the year	240,241	223,589	463,830
Transfer to reserve	-	(223,589)	(223,589)
At 31 December 2023	751,910	-	751,910

There is no impact on the operating, investing or financing cash flows for the year ended 31 December 2023.

Attachment (2)

المرفق (2)

**Audited financial statements
for the year 2025**

**القوائم المالية المدققة للسنة المنتهية
في 31 ديسمبر 2025**

RIFFA VIEWS OWNERS ASSOCIATION

FINANCIAL STATEMENTS

31 DECEMBER 2025

Board of Directors	: Dr. Mazin Mohammed Ali Jumaah (Chairperson) Abdulla Ahmed Abdulla Abdulrahman Kamal (Vice-chairman) Latifa Isa FarhanAlbunoodha (Secretary) Mohammed Mahmood Shaikh (Treasurer) Dana Khamis Abdulrahman Rashed AlZayani (Board member) Yasser Abdulrahman Alaree (Association Manager)
Address	: Villa 2591, Road 4322, Block 943 Riffa, Kingdom of Bahrain Telephone: 1775 7965
Bankers	: Al Salam Bank BSC Bahrain Islamic Bank BSC
Auditors	: KPMG Fakhro

FINANCIAL STATEMENTS

For the year ended 31 December 2025

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Statement of income and expenditure

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Statement of changes in funds

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Statement of cash flows

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Notes to the 2025 financial statements

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DRAFT



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Audit
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CR No. 6220 - 2

1

Independent auditors' report

To the Homeowners of

*Riffa Views Owners Association
Riffa, Kingdom of Bahrain*

Opinion

We have audited the financial statements of Riffa Views Owners Association (the "Association"), which comprise the statement of financial position as at 31 December 2025, the statements of income and expenditure, changes in funds and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Association for the year ended 31 December 2025 is prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial statements.

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 Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, 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.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements is prepared to meet reporting requirements of the Association. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management and the Homeowners of the Association and should not be used by or distributed to parties other than the management or the Homeowners of the Association. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

The management is responsible for the preparation of the financial statements in accordance with the basis of accounting as set out in Note 2 to the financial statements, and for such internal control as the 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, the 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 the management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Independent auditors' report (continued)
Riffa Views Owners Association

Auditors' 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 auditors' 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 scepticism throughout the audit. We also:

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

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.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

Bahraini Dinars

	Note	2025	2024
ASSETS			
Non-current assets			
Property and equipment	5	561,223	614,997
Total non-current assets		561,223	614,997
Current assets			
Accounts and other receivables	6	243,560	342,020
Short-term bank deposits		1,314,000	1,114,000
Cash and cash equivalents	7	174,007	69,863
Total current assets		1,731,567	1,525,883
Total assets		2,292,790	2,140,880
FUNDS AND LIABILITIES			
Funds			
General reserve		120,000	120,000
Capital replacement reserve		964,827	819,827
Accumulated funds		801,885	736,438
Total funds (page 5)		1,886,712	1,676,265
Liabilities			
Current liabilities			
Due to a related party	8 a)	224,522	236,522
Accounts and other payables	9	181,556	228,093
Total current liabilities		406,078	464,615
Total liabilities		406,078	464,615
Total changes in funds and liabilities		2,292,790	2,140,880

The financial statements were approved by the management on ___ April 2026 and signed on its behalf by:

Dr. Mazin Mohammed Ali Jumaah
Chairperson

Mohammed Mohamood Shaikh
Treasurer

Yasser Abdulrahman Alraee
Association Manager

The accompanying notes 1 to 14 are an integral part of these financial statements.

STATEMENT OF INCOME AND EXPENDITURE
For the year ended 31 December 2025

Bahraini Dinars

	Note	2025	2024
INCOME	10	1,515,815	1,517,648
Community service expenses	11	(885,642)	(872,361)
Management fee		(297,540)	(294,631)
General and administrative expenses	12	(123,631)	(143,965)
Depreciation	5	(57,987)	(56,762)
Other income	13	59,432	95,455
Excess of income over expenditure for the year		210,447	245,384
Other comprehensive income		-	-
Total comprehensive income for the year		210,447	245,384

Dr. Mazin Mohammed Ali Jumaah
Chairperson

Mohammed Mohamood Shaikh
Treasurer

Yasser Abdulrahman Alraee
Association Manager

The accompanying notes 1 to 14 are an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS
For the year ended 31 December 2025

Bahraini Dinars

2025	General reserve	Capital replacement reserve	Accumulated fund	Total
At 1 January 2025	120,000	819,827	736,438	1,676,265
Excess of income over expenditure for the year (page 4)	-	-	210,447	210,447
Transfer to reserve	-	145,000	(145,000)	-
At 31 December 2025	120,000	964,827	801,885	1,886,712

2024	General reserve	Capital replacement reserve	Accumulated fund	Total
At 1 January 2024	120,000	558,971	751,910	1,430,881
Excess of income over expenditure for the year (page 4)	-	-	245,384	245,384
Transfer to reserve	-	260,856	(260,856)	-
At 31 December 2024	120,000	819,827	736,438	1,676,265

The accompanying notes 1 to 14 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

Bahraini Dinars

	Note	2025	2024
OPERATING ACTIVITIES			
Excess of income over expenditure for the year (page 4)		210,447	245,384
<i>Adjustments:</i>			
Depreciation expenses	5	57,987	56,762
Interest income on short-term bank deposits	13	(48,004)	(60,406)
		220,430	241,740
<i>Changes in operating assets and liabilities:</i>			
Accounts and other receivables		111,552	(32,822)
Accounts and other payables		(46,537)	34,694
Due to a related party		(12,000)	-
Net cash from operating activities		273,445	243,612
INVESTING ACTIVITIES			
Payments for acquisition of property and equipment	5	(4,213)	(1,925)
Movement for short-term bank deposits		(200,000)	(300,000)
Interest received on short-term bank deposits		34,912	60,406
Net cash used in investing activities		(169,301)	(241,519)
Net increase in cash and cash equivalents during the year		104,144	2,093
Cash and cash equivalents at 1 January		69,863	67,770
Cash and cash equivalents at 31 December	7	174,007	69,863

The accompanying notes 1 to 14 are an integral part of these financial statements.

1 REPORTING ENTITY

Riffa Views Owners Association (the "Association") is an association of homeowners registered with the Real Estate Regulatory Authority of the Kingdom of Bahrain and operating under Certificate No. OA2020/0119 obtained on 15 March 2020. The registered office address of the Association is Building 405, Road 4303, Block 943, Riffa, Kingdom of Bahrain.

The Association was formed on 7 December 2019 through a general assembly of the homeowners and is owned by the owners of 1,054 units in Riffa Views, a gated residential community. The principal activity of the Association is to maintain the common areas in Riffa Views for the benefit of homeowners.

The Association was formed under the directives of the Real Estate Regulatory Authority (RERA) of the Kingdom of Bahrain, which regulates the real estate industry in the Kingdom of Bahrain. Previously, Riffa Views ("Development") was managed by RV Real Estate Company W.L.L ("Association Manager" or "RVRE"). The Association's activities before its formation were managed by RVRE. A master ownership transfer agreement has been signed between Riffa Views BSC (C) (the "Developer") and the Association whereby the Developer transfers the assets and liabilities related to development to the Association. In 2023, the master transfer agreement has been approved by the homeowners and certain assets was executed.

2 BASIS OF PREPARATION

The financial statements is prepared to meet the reporting requirements of the Homeowners of the Association.

a) Statement of compliance

The financial statements has been drawn up from the accounting records of the Association prepared in accordance with the accounting policies of the Association as stated in Note 3.

b) Basis of measurement

The financial statements have been drawn up from the accounting records of the Association maintained under the historical cost convention.

c) Functional and presentation currency

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Bahraini Dinars ("BD"), which is the Association's functional and presentation currency. All financial information presented in the financial statements has been rounded off to the nearest Bahraini Dinars.

d) Use of estimates and judgements

The preparation of financial statements in conformity with accounting policies as per Note 3 require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial information are described in Note 4.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies have been consistently applied by the Association and are consistent with those used in the previous year.

a) Property and equipment

(i) Recognition and measurement

Property and equipment are carried at cost less accumulated depreciation and impairment allowances, if any. The cost of asset includes all costs directly attributable to bring the assets to their present location and condition for intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed from the accounts and any resultant gain or loss of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within "other income" in the statement of income and expenditure.

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the statement of activities as an expense as incurred. When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed from the accounts and any resultant gain or loss taken to the statement of income and expenditure.

(iii) Depreciation

Depreciation is calculated on cost by the straight-line method at annual rates which are intended to write-off the cost of the assets over their estimated useful lives and are charged to the statement of income and expenditure as follows:

Asset categories	Estimated useful life in years
Sewage treatment plant	20
Furniture and equipment	3 - 5

The estimated useful life of property and equipment are reviewed at each reporting date and revised where appropriate.

b) Financial instruments

The Association deals only in non-derivative financial instruments. Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, due to a related party and accounts and other payables.

(i) Classification of financial assets and financial liabilities

Financial assets are classified into three principal classification categories: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Financial liabilities are classified into amortized cost or at fair value through statement of income and expenditure.

NOTES TO THE 2025 FINANCIAL STATEMENTS

Bahraini Dinars

3 MATERIAL ACCOUNTING POLICIES (continued)**(ii) Initial recognition, measurement and subsequent measurement**

The financial assets and liabilities are initially recognised on trade date when the Association becomes party to the contract. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through statement of income and expenditure, transaction costs that are directly attributable to its acquisition or issue. Financial assets and liabilities are subsequently remeasured at amortised cost.

(iii) Impairment of financial assets

The Association measures expected credit loss on financial assets carried at amortised cost using simplified approach as allowed by the standard to determine impairment of financial assets.

c) Employee benefits

Pensions and other social benefits for *Bahraini employees* are covered by the Social Insurance Organisation's scheme to which employees and employers contribute monthly on a fixed-percentage of-salaries basis. The Company's contribution to this scheme is expensed as incurred.

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector, based on length of service and final remuneration. The provision for this unfunded commitment is made by calculating the notional liability had all employees left at the reporting date.

Effective 1 March 2024, all Bahrain based employers are required to make monthly contributions in relation to the expatriate employees indemnity to Social Insurance Organisation ("SIO"), who would be responsible to settle leaving indemnities for expatriate employees at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Association.

d) Provisions

A provision is recognised in the statement of financial position when the Association has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

e) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and balances with bank balances.

f) Short-term bank deposits

Short-term bank deposits comprise of fixed deposits with an original maturity of more than three months but less than one year.

g) Reserve**a) General reserve**

General reserve pertains to reserve for the purpose of sewerage treatment plant.

b) Capital replacement reserve

The Association's By-Laws require the Association to create a capital replacement reserve based on approved budget. For the year ended 31 December 2025, the allocation towards the capital replacement reserve amounted to BD 145,000 (2024: BD 260,856).

NOTES TO THE 2025 FINANCIAL STATEMENTS

Bahraini Dinars

3 MATERIAL ACCOUNTING POLICIES (continued)**h) Income recognition**

Income from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the organization expects to be entitled in exchange for those services, excluding amounts collected on behalf of third parties such as value added tax (VAT) and so on. The institution evaluates its income arrangements according to specific criteria.

The Association concluded that it acts as the principal in all of its revenue arrangements because it is the primary obligor in all of the income arrangements, as it typically controls the services before transferring them to the customer.

The Association's income consist of service fees and other service fees. Revenue is recognized over time or over time depending on the nature of the arrangement as follows:

- a) Service fees are recognized as income on straight-line basis over the specified period at the rate of BD 0.292 per square meter per month.
- b) Other fees are recognized as revenue at some point when the services are provided.
- c) Other income is recognized on an accrual basis, when earned.

i) Expense recognition

Expenses are recognised in the statement of income and expenditure as and when incurred by the Association.

j) Foreign currency transactions and balances

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Bahraini dinars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on conversion and translation are recognized in the statement of income and expenditure.

k) Management fees

Management fees is payable to the Managing Company for services rendered to the Association and is recognised as expenses in the year in which these are incurred in the statement of income and expenditure

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements includes:

a) Impairment of financial assets

Refer note 3 (b)(iii).

b) Useful life of property and equipment

The Association reviews the useful life of the property and equipment at each reporting date to determine whether an adjustment to the useful life is required. The useful are estimated based on the similar assets of the industry, and future economic benefit expectations of the management. Based on assessment made, then have been no change to the useful life of property and equipment.

NOTES TO THE 2025 FINANCIAL STATEMENTS

Bahraini Dinars

5 PROPERTY AND EQUIPMENT

2025	Sewage treatment plant	Furniture and equipment	2025
Cost			
At 1 January 2025	894,583	55,219	949,802
Additions during the year	-	4,213	4,213
At 31 December 2025	894,583	59,432	954,015
Depreciation			
At 1 January 2025	282,188	52,617	334,805
Charge for the year	55,672	2,315	57,987
At 31 December 2025	337,860	54,932	392,792
Net book value	556,723	4,500	561,223
2024			
Cost			
At 1 January 2024	894,583	53,294	947,877
Additions during the year	-	1,925	1,925
At 31 December 2024	894,583	55,219	949,802
Depreciation			
At 1 January 2024	226,516	51,527	278,043
Charge for the year	55,672	1,090	56,762
At 31 December 2024	282,188	52,617	334,805
Net book value	612,395	2,602	614,997

During the year, the Association received the title deeds for certain common areas within the development, including internal roads, parking areas and landscaped garden areas, which were formally transferred from the Developer. These areas are designated as common property for the collective use and benefit of all unit owners and are not available for sale or for the Association's independent economic use.

In accordance with applicable accounting standards governing Association and jointly owned properties, such common areas do not meet the recognition criteria for property and equipment or investment property. Accordingly, these assets have been recognised at a value of BD Nil, and no asset or corresponding contribution has been recorded in these financial statements.

The Association remains responsible for the ongoing maintenance and management of these common areas in line with its governing documents.

NOTES TO THE 2025 FINANCIAL STATEMENTS

Bahraini Dinars

6 ACCOUNTS AND OTHER RECEIVABLES

	2025	2024
Service charges receivables	316,994	427,435
Less: Impairment allowance on service charges receivables	(91,076)	(93,999)
	225,918	333,436
Accrued interest	13,092	-
Other receivables	4,550	8,584
	243,560	342,020

Movement in impairment allowance on service charges receivables is as follows:

	2025	2024
At 1 January	93,999	94,269
Less: Written-off during the year	(2,923)	(270)
At 31 December	91,076	93,999

7 CASH AND CASH EQUIVALENTS

	2025	2024
Cash in hand	-	210
Bank balances	174,007	69,653
Cash and cash equivalents as per the statement of cash flows	174,007	69,863

Bank balances are held in a current account and a profit bearing account with an Islamic bank in the Kingdom of Bahrain and are denominated in Bahraini Dinars.

8 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These represent transactions with the Association manager, managing company, senior management of the Association, and companies in which they have significant influence or control.

a) Due to a related party	Relationship	2025	2024
RV Real Estate Company WLL (RVRE)	<i>Under common control</i>	224,522	236,522
		224,522	236,522

The related party payables are interest free and are repayable on demand.

b) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association. The members of the board of directors of the Association are entitled to sitting fees not exceeding BD 1,250 per member and BD 6,250 was recognized during the year (2024: BD 6,250).

NOTES TO THE 2025 FINANCIAL STATEMENTS

Bahraini Dinars

9 ACCOUNTS AND OTHER PAYABLES

	2025	2024
Accounts payables	128,451	184,947
Accrued expenses	28,615	26,053
Advances from Homeowners	17,776	11,018
Other payables	6,714	6,075
	181,556	228,093

10 INCOME

	2025	2024
Services and maintenance income	1,472,840	1,469,114
Sewerage treatment charges	34,070	34,148
Gate pass fee	7,755	10,886
Fee from no objection certificate	1,150	3,500
	1,515,815	1,517,648

11 COMMUNITY SERVICE CHARGE

	2025	2024
Facility management charges	695,551	685,776
Maintenace expenses	159,304	154,579
Utilities	28,037	29,811
Insurance	2,750	2,195
	885,642	872,361

12 GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Events and entertainment expenses	62,664	62,072
Legal and professional fees	23,325	33,014
Directors' sitting fees (note 8 b)	6,250	6,250
Office expenses	5,893	7,438
Health and safety	3,069	16,000
Other expenses	22,430	19,191
	123,631	143,965

13 OTHER INCOME

	2025	2024
Interest income on short-term bank deposits	48,004	60,406
Miscellaneous income	11,428	35,049
	59,432	95,455

14 COMPARATIVES

The comparative figures have been regrouped wherever necessary, in order to conform to the current year's presentation. Such reclassification did not affect previously reported profit or loss and other comprehensive income for the year or total equity.