

Kuwait Transparency Society
State of Kuwait
Financial Information and Auditor's Report
For the period ended 31 December 2020

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Independent Auditors' Report

To the members of :

Kuwait Transparency Society
Kuwait
Report on the Audit of financial Statements

Opinion

We have audited the financial statements of **Kuwait Transparency Society – Kuwait** , which comprise the statement of financial position as at 31 December 2020, and the statement of Expenses and income, and statement of cash flows for the period 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 Kuwait Transparency Society as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Parent Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Society's financial statements in the State of Kuwait, 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.

Other Information

Management is responsible for the other information, Other information consist of the information included in the Society 2020 annual report, but doesn't include the financial statement and our auditor's report thereon .We obtain the report of Society's board of directors, prior to the date of our auditors report, And we expect to obtain the remaining sections of the Society 's 2020 annual report after the date of our auditor's report.

Our opinion on the Society 's financial statements doesn't cover the other information and we don't express any form of assurance conclusion thereon.

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 Society'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 Society'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 Society 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Society audit. We remain solely responsible for our audit opinion.

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.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters that are communicated with the management, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such disclosures.

Talal Abdul Wahab El - Suhil (License No. 149-A)

Member of the board of Kuwait association Of Accountants And Auditors.

Member of the Arab Federation Of Accountant & Auditors.

Member of the international Tax Association

License No. 149-A

Kuwait: 09 January 2021



طالال عبد الوهاب السهيل
 قيد رقم (194)
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Kuwait Transparency Society
State Of Kuwait

Statement of financial position as of 31, December 2020

<u>Assets</u>	<u>Note</u>	<u>2020</u>	<u>2019</u>
<u>Current assets</u>		<u>K.D</u>	<u>K.D</u>
Cash & cash equivalent	3	39,060	56,057
Trade & other receivables		40,000	554
Total current assets		79,060	56,611
Total assets		79,060	56,611
 <u>Liabilities and funds of the association</u>			
<u>Current liabilities</u>			
accrued expenses		656	-
total current liabilities		656	-
total liabilities		656	-
 <u>Assembly funds</u>			
surplus of the association		78,404	56,611
Total funds of the association		78,404	56,611
Total Liabilities and funds of the association		79,060	56,611



The acestablishmenting notes are integral part of this statement

Kuwait Transparency Society
State Of Kuwait

Statement of comprehensive income for the year ended 31, December 2020

	<u>Note</u>	<u>2020</u> <u>K.D</u>	<u>2019</u> <u>K.D</u>
Revenus	4	43,124	88,450
Less: Direct operatoin cocts		<u>(9,432)</u>	<u>(24,833)</u>
Gross profit and loss		<u>33,692</u>	<u>63,617</u>
 <u>Less: General & administrative expenses and Other charges</u>			
General & administrative expenses	5	<u>11,899</u>	<u>19,187</u>
Total of General & administrative expenses and Other charges		<u>(11,899)</u>	<u>(19,187)</u>
Net Surplus(deficiency) for the year		<u>21,793</u>	<u>44,430</u>
Excess surplus		<u>56,611</u>	<u>12,181</u>
Surplus of the association		<u>78,404</u>	<u>56,611</u>

  
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Kuwait Transparency Society
State Of Kuwait

Statement of cash flows for the year ended 31, December 2020

	<u>2020</u>	<u>2019</u>
	<u>K.D</u>	<u>K.D</u>
<u>Cash flows from operating activities</u>		
NET surplus (deficiency)Year	21,793	44,430
<u>Adjustments</u>		
Operating Profit before change in working capital items	21,793	44,430
Trade & other receivables	(39,446)	(554)
Trade & other payables	656	-
Net cash generated from operating activities	(16,997)	43,876
Net Cash generated from (used in) activities	(16,997)	43,876
Cash at the beginning of the year	56,057	12,181
Cash at the end of the year	39,060	56,057



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Kuwait Transparency Society

State Of Kuwait

Notes to the financial statements for the year ended 31 December 2020

1 - Legal form

Kuwait Transparency Society - Kuwait - was declared in accordance with Ministerial Decision No. 29 of 2006 issued by the Ministry of Social Affairs and Labor on 13 March 2016 and published in the Official Gazette No. 761 of 2006 issued on 26 March 2006.

2- Significant Accounting policies

The accounting policies used in preparing the financial statements are listed below

Basis of preparation.

The financial statements are presented in Kuwaiti Dinars and are prepared under the historical cost convention except for certain investments available for sale and investment properties which are stated at their fair value

Property and equipment.

Property and equipment is stated at cost, less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated income statement as the expense is incurred.

Financial instruments:

Classifications:

The institution classifies its financial instruments upon initial recognition as follows:

Receivable:-

Financial liabilities to non-trading:

The receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are classified under "Trade receivables and other receivables" and "Cash and bank balances" in the statement of financial position.

Financial liabilities are classified "as financial liabilities for non-trading purposes." The institution obligations of non-trading purposes, are classified under "Accounts payable and other credit balances".

The classification depends on the purposes for which it was for them to get financial instruments. Management decides Classifications of financial instruments upon initial recognition.

Kuwait Transparency Society

State Of Kuwait

Notes to the financial statements for the year ended 31 December 2020

e - Measurement

Receivable:-

Receivable carried with amortized cost using the effective interest method

f - Financial obligations

Include financial liabilities for non-trading purposes at amortized cost using the effective interest method

g - Fair value

The fair value represents the amounts by which an asset can be exchanged or an obligation is paid between knowledgeable and willing parties to deal on an equal basis. The definition of fair value is implicit in the definition of the business continuity of the company and there is no intention or need to liquidate or reduce its operations materially or Transactions on inappropriate terms.

h - Accounting Trade and settlement dates

All purchases and sales of financial assets "regular way" are recognized on the trade date, ie the date that it is committed to the company to Purchase or sell the asset. Purchases or sales are purchases systemic way or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market.

I - Recognition and derecognition of financial assets and liabilities:

A financial asset or financial liability is recognized when company becomes party to the contractual provisions of the instrument. A financial asset (If part of a group of financial assets if appropriate)when:

The right ends in the cash flows from the financial assets or

The company waives its right to receive cash flows from the financial assets or when the company bears flows to pay in full without material delay to a third party under a 'pass through' or

A) the company shall transfer all the risks and rewards of the asset reliably.

B) the company does not retain all the risks and rewards of the asset, but has transferred control of the asset.

It is not achieved financial liability when the obligation specified is discharged or canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the present financial liability are substantially modified, such a change or modification is treated as a derecognition of the original liability and a recognition of the new obligation and the difference in the relevant carrying amount is recognized in the income statement.

Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of specific financial assets is impaired. If such evidence exists, any loss of any impairment in the income statement. Impairment is determined as follows:

For assets carried at fair value, impairment is the difference between cost and fair value.

For assets carried at cost, the impairment is the difference between the carrying amount and the present value of future cash flows, discounted at the prevailing interest rate for the financial asset at a similar rate.

For assets carried at amortized cost, the impairment is the difference between the carrying amount and the present value of future cash flows, discounted at the original effective interest rate

Is reversed exaggerated decline in the value recorded in the previous years when the index recorded losses on the lack of financial asset impairment losses or decreased and they can be linked to a decrease in an objective so that occurring after the impairment appears.

Kuwait Transparency Society

State Of Kuwait

Notes to the financial statements for the year ended 31 December 2020

Impairment of non-financial assets

The organization assesses at each reporting date to determine whether there is any indication that an asset may be impaired, If any such indication, or when annual impairment test of the asset value, the company estimates the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset or cash-generating unit less costs to sell or value in use whichever is higher and is determined each asset on an individual basis what originally was not a product independent cash flows significantly from those which are produced from assets or groups of assets other. Then the amount is recoverable as part of the evaluation of cash-generating unit to which they relate. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount,

The asset (or cash-generating unit) may be impaired and written down to its recoverable amount by recognizing impairment loss in the income statement. In assessing value in use, estimated future cash flows of the present value shall be deducted 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).

When determining fair value less costs to sell an appropriate valuation method is used. An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. If such a measure exists, the Company estimates the amount Recover it. A reversal of the previously recognized impairment loss is reversed only if the estimates used to determine the recoverable amount of the asset have been reversed since the most recent impairment loss has been recorded. In which case the carrying amount of the asset is increased to its recoverable amount.

Provisions

Provisions are recognized in the event of a present obligation enterprise (whether legal or evidentiary) Based on past events, and that the costs to settle the potential liabilities and can be measured reliably.

Provision for end of service benefits

Allowance for end of service indemnity for the service accumulated on the financial statements in accordance with the provisions of the Labour Law of the State of Kuwait in the private sector.

Cash and cash equivalents

Cash and cash equivalents consists of the purposes of the statement of cash flows of cash and bank balances.

Foreign currency

The presentation currency Home :

Financial statements are presented in Kuwaiti Dinars, which is the main currency of the institution that is the width. Items included in the financial statements are measured using that functional currency

Kuwait Transparency Society

State Of Kuwait

Notes to the financial statements for the year ended 31 December 2020

Transactions and balances

Being under Transactions in foreign currencies are initially according to the exchange rates prevailing on the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the exchange rate prevailing on the currency of the primary financial statements. All differences are taken to "profit / (loss) Foreign currency differences" in the statement of comprehensive income.

Probable events

It is not recognized contingent liabilities in the financial statements but disclosed unless the possibility of economic losses is remote. It is not recognized contingent asset in the financial statements but disclosed when an potential economic benefits.

Revenue recognition

Revenues from services is achieved when the works are completed asset owner As is the inclusion of services revenue in the proportion of income statement to complete the transaction on the financial statements stage. As Interest income is recognized in the income statement on a time proportion basis.

Estimates and opinions of important accounting and the main sources of uncertainty of estimates

In applying the accounting policies of the institution disclosed in (Note 3) management has made judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions are based on historical experience and other factors considered to be relevant. There may be a difference between actual results and those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The items in which various assumptions important for the group financial statements and estimates there are defining and measuring the remaining useful life of property, plant and equipment, impairment of receivables and value.

Estimates

When applying the accounting policies of the institution, management has made the following judgments, apart from those involving estimations, which have the greatest impact on the amounts recognized in the financial statements:

The impairment

At each balance sheet date, management determines whether there has been a decline in the value of property, plant and equipment. The determination of impairment requires making significant estimates and on reasonable grounds involving valuation factors that include the nature of industry and market conditions

Kuwait Transparency Society

State Of Kuwait

Notes to the financial statements for the year ended 31 December 2020

3 - Cash & cash equivalent

	<u>2020</u>	<u>2019</u>
	<u>K.D</u>	<u>K.D</u>
Cash on hand	216	318
Cash at banks	38,844	55,739
Total	<u>39,060</u>	<u>56,057</u>

4- Revenus

	<u>2020</u>	<u>2019</u>
	<u>K.D</u>	<u>K.D</u>
conference support	-	27,810
Support book release (entrance in anti-corruption law)	3,034	-
Support to government actors	40,000	-
membership subscriptions	90	640
Support the Amiri Diwan	-	60,000
Total	<u>43,124</u>	<u>88,450</u>

5- General and administrative expenses

	<u>2020</u>	<u>2019</u>
	<u>K.D</u>	<u>K.D</u>
Bank Charges	-	30
Stationery and prints	226	309
Website Fees	612	500
Professional fees	500	2,000
Hospitality Exp	489	3,700
Advertising Exp	5,404	3,323
Bonuses	3,810	5,090
Miscellaneous expenses	190	-
Maintenance and repair	668	313
travel expense	-	3,922
Total	<u>11,899</u>	<u>19,187</u>

