Al Noor Training Centre for Persons with Disabilities
Dubai - United Arab Emirates

Report and financial statements
For the year ended 31 August 2016

Al Noor Training Centre for Persons with Disabilities

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Al Noor Training Centre for Persons with Disabilities
Dubai
United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of **Al Noor Training Centre for Persons with Disabilities, Dubai, United Arab Emirates** (the "Centre"), which comprise the statement of financial position as at 31 August 2016 and the statement of comprehensive income, statement of changes in funds reserved and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practising auditors with the UAE Ministry of Economy.

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INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

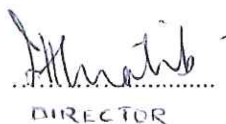
In our opinion, the financial statements present fairly, in all material respects, the financial position of **Al Noor Training Centre for Persons with Disabilities, Dubai, United Arab Emirates** as at 31 August 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

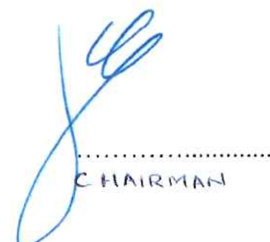
Deloitte & Touche

22 May 2017

Statement of financial position
As at 31 August 2016

	Notes	2016 AED	2015 AED
ASSETS			
Non-current assets			
Property and equipment	5	**1,771,309**	1,630,391
Current assets			
Accounts receivable, prepayments and other assets	6	**578,334**	892,486
Cash and bank balances	7	**9,200,865**	7,428,038
Total current assets		**9,779,199**	8,320,524
Total assets		**11,550,508**	9,950,915
FUNDS RESERVED AND LIABILITIES			
Funds reserved			
Reserve fund		**6,692,741**	5,859,952
Accumulated losses		**(3,497,758)**	(4,483,345)
Net funds reserved		**3,194,983**	1,376,607
Non-current liabilities			
Provision for employees' end of service indemnity	8	**5,278,986**	4,886,757
Total non-current liabilities		**5,278,986**	4,886,757
Current liabilities			
Bank borrowings	9	**-**	24,490
Accounts payables and accruals	10	**3,076,539**	3,663,061
Total current liabilities		**3,076,539**	3,687,551
Total liabilities		**8,355,525**	8,574,308
Total funds reserved and liabilities		**11,550,508**	9,950,915


DIRECTOR


CHAIRMAN

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 August 2016

	Notes	2016 AED	2015 AED
Revenue	11	**19,492,195**	18,156,790
General and administrative expenses	12	**(17,959,347)**	(17,484,276)
Depreciation or property and equipment	5	**(758,259)**	(680,517)
Finance costs		**(360)**	(6,874)
Other income	14	**211,358**	207,327
Profit for the year		**985,587**	192,450
Other comprehensive income		-	-
Total comprehensive income for the year		**985,587**	192,450

The accompanying notes form an integral part of these financial statements.

Statement of changes in funds reserved
For the year ended 31 August 2016

	Reserve fund AED	Accumulated losses AED	Total AED
Balance at 1 September 2014	5,573,079	(4,675,795)	897,284
Additions during the year (Note 15)	286,873	-	286,873
Total comprehensive income for the year	-	192,450	192,450
Balance at 31 August 2015	5,859,952	(4,483,345)	1,376,607
Additions during the year (Note 15)	832,789	-	832,789
Total comprehensive income for the year	-	985,587	985,587
Balance at 31 August 2016	**6,692,741**	**(3,497,758)**	**3,194,983**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 August 2016

	2016 AED	2015 AED
Cash flows from operating activities		
Profit for the year	**985,587**	192,450
Adjustments for:		
Depreciation of property and equipment	**758,259**	680,517
Provision for employees' end of service indemnity	**743,864**	821,791
Allowance for the doubtful debts during the year	**246,650**	56,576
Finance costs	**360**	6,874
Interest income	**(29,953)**	(30,269)
(Gain)/loss on disposal of property and equipment	**(48,294)**	18,825
Operating cash flow before changes in operating assets and liabilities	**2,656,473**	1,746,764
Decrease/(increase) in accounts receivable, prepayments and other assets	**67,502**	(15,171)
(Decrease)/increase in accounts payable and accruals	**(586,522)**	1,592,634
Cash generated from operations	**2,137,453**	3,324,227
Employees' end of service benefits paid	**(351,635)**	(243,206)
Finance costs paid	**(360)**	(6,874)
Net cash generated from operating activities	**1,785,458**	3,074,147
Cash flows from investing activities		
Purchase of property and equipment	**(69,094)**	(188,412)
Proceeds from disposal of property and equipment	**51,000**	-
Increase in fixed deposits	**(2,040,525)**	(2,019,697)
Interest received	**29,953**	19,697
Net cash used in investing activities	**(2,028,666)**	(2,188,412)
Cash flows from financing activities		
Net decrease in bank borrowings	**(24,490)**	(96,063)
Net cash used in financing activities	**(24,490)**	(96,063)
(Decrease)/increase in cash and cash equivalents	**(267,698)**	789,672
Cash and cash equivalents at the beginning of the year	**2,487,410**	1,697,738
Cash and cash equivalents at the end of the year (Note 7)	**2,219,712**	2,487,410
Non-cash transaction:		
Property and equipment received as donation (Note 15)	**832,789**	286,873

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 August 2016

1. Establishment and operations

The Al Noor Training Centre for Persons with Disabilities (the "Centre") was established in 1980 with the objective of assisting handicapped children in Dubai with both academic and vocational training.

The Centre operates under the supervision of the Ministry of Labour and Social Affairs, consequent to a Ministerial Degree No. 247 dated 22 May 1997.

The registered address of the Centre is P.O. Box 8397, Dubai, United Arab Emirates.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRS applied with no material effect on the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 September 2014, have been adopted in these financial statements. The application of these revised and new IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 36 *Recoverable Amount Disclosures.*

  The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting.* The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Guidance on Investment Entities.

  On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.
- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 *Employee Benefits* clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

The Centre has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	*Effective for annual periods beginning on or after*
• Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
• IFRS 7 *Financial Instruments: Additional Hedge Accounting Disclosures* (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
• IFRS 9 *Financial Instruments (2009)* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. *IFRS 9 Financial Instruments (2010)* revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement.*	1 January 2018

IFRS 9 *Financial Instruments (2013)* was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

Finalised version of IFRS 9 (IFRS 9 *Financial Instruments (2014)*) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.

IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.

2. Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS in issue but are not yet effective and not early adopted (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
• IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: ▪ Step 1: Identify the contract(s) with a customer. ▪ Step 2: Identify the performance obligations in the contract. ▪ Step 3: Determine the transaction price. ▪ Step 4: Allocate the transaction price to the performance obligations in the contract. ▪ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2018
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016

2. Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016

Management anticipates that these new standards, interpretations and amendments will be adopted in the Centre's financial statements for the period beginning 1 September 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Centre's financial statements for the annual period beginning 1 September 2018. The application of IFRS 15 and IFRS 9 may have a significant impact on the amounts reported and disclosures made in the Centre's financial statements in respect of the Centre's financial assets, financial liabilities and revenue from contracts with customers. However, it is not practicable to provide a reasonable estimate of the effects of the application of these standards until the Centre performs a detailed review.

3. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time of the transaction. The significant accounting policies adopted are set out below:

Notes to the financial statements
for the year ended 31 August 2016 (continued)

3. Significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Centre and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts. The following specific recognition criteria must also be met before revenue is recognised:

Fee income

Fee income includes mainly tuition and registration fees and is taken to income on an accruals basis with respect to the financial year to which it relates.

Donations

Donation is recognised as income at the fair value of the donation received or receivable in the period it is received or receivable when all of the following conditions have been satisfied:

- the Centre obtains control of the donation or the right to receive the donation;
- it is probable that the economic benefits comprising the donation will flow to the Centre; and
- the amount of the donation can be measured reliably.

Interest income

Interest income is recognised as the interest accrues using the effective interest method.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Such costs include the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced in intervals, the Centre recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

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

Leasehold improvements	20 years
Furniture and fixtures	4 years
Therapy equipment	4 years
Motor vehicles	4 years

Notes to the financial statements for the year ended 31 August 2016 (continued)

3. Significant accounting policies (continued)

Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred. The assets' residual values, useful lives and method of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Impairment of tangible assets

At each reporting date, the Centre reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Centre estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Significant accounting policies (continued)

Foreign currency transactions

The financial statements are presented in the currency of the primary economic environment in which the Centre operates. For the purpose of the financial statements, the results and financial position of the Centre are expressed in Arab Emirates Dirhams, which is the functional currency of the Centre.

In preparing the financial statements, transactions in currencies other than the Centre's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Financial instruments

Financial assets and financial liabilities are recognised when the Centre becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Financial assets

<u>*Effective interest method*</u>

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (''FVTPL''), held-to-maturity investments (''HTM''), available-for-sale (''AFS'') financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Centre classifies their financial assets as loans and receivables.

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Centre manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

There are no financial assets that fall under this category

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Centre's cash and cash equivalents, accounts receivables and other assets (excluding prepaid expenses) are classified under this category.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Centre's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at amortised cost, the amount of the is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial assets

The Centre derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Centre neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Centre recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Centre retains substantially all the risks and rewards of ownership of a transferred financial asset, the Centre continues to recognise the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of comprehensive income.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Centre retains an option to repurchase part of a transferred asset), the Centre allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at bank with original maturities of less than three months less bank overdrafts, and are used by the Centre in the management of its short term commitments.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Centre are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. All financial liabilities held by the Centre are classified as other financial liabilities.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Centre manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Centre's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. There are no financial liabilities that fall under this category.

Other financial liabilities

Other financial liabilities, including trade and other payables, accruals and bank borrowings and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Centre derecognises financial liabilities when, and only when, the Centre's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of comprehensive income.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period during which they are incurred.

Provisions

Provisions are recognised when the Centre has a present obligation (legal or constructive) as a result of a past event, it is probable that the Centre will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. Critical accounting judgment and key sources of estimation uncertainty

Critical judgment in applying the Centre's accounting policies

In the process of applying the Centre's accounting policies, which are described in Note 3 to the financial statements, management has made the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management considered the detailed criteria for the recognition of revenue from the sale of services as set out in IAS 18: *Revenue* and in particular whether the Centre has completed the service. Based on the acceptance by the customer of the service rendered, the management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

4. Critical accounting judgment and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumption concerning the future key source of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Useful lives of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Provision for impairment on trade receivables

The Centre reviews its receivables to assess adequacy of provisions at least on a monthly basis. The Centre's credit risk is primarily attributable to its accounts and other receivables. In determining whether provisions should be recognised in profit or loss, the Centre makes judgments as to whether there is any observable data indicating that there is a reasonable measurable decrease in the estimated future cash flows. Accordingly, a provision is made where there is a potential loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Going concern assumption

The Centre's management has performed an assessment of the Centre's ability to continue as a going concern, which covers a period of twelve months from the reporting date, based on certain identified events and conditions that, individually or collectively, may cast significant doubt on the Centre's ability to continue as a going concern.

The Centre's management has prepared its business and cash flow forecasts for the twelve months from the reporting date on a conservative basis. The forecasts have been prepared taking into consideration the nature and condition of its business, the degree to which it is affected by external factors and other financial and non-financial data available at the time of preparation of such forecasts.

On the basis of such forecasts, the management is of the opinion that the Centre will be able to continue its operations for the next twelve months from the reporting date and that the going concern assumption used in the preparation of these financial statements is appropriate. The appropriateness of the going concern assumption is reassessed on each reporting date.

The Centre's management considers that the lease arrangement for land and building between the Centre and Dubai Real Estate Corporation is renewable for indefinite period.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

5. Property and equipment

	Leasehold improvements AED	Furniture and fixtures AED	Therapy equipment AED	Motor vehicles AED	Total AED
Cost					
At 31 August 2014	532,890	3,725,196	900,587	2,958,400	8,117,073
Additions	-	438,741	36,544	-	475,285
Disposals	-	(235,687)	(27,075)	-	(262,762)
At 31 August 2015	532,890	3,928,250	910,056	2,958,400	8,329,596
Additions	-	234,605	163,318	503,960	901,883
Disposals	-	(403,826)	-	(264,000)	(667,826)
At 31 August 2016	**532,890**	**3,759,029**	**1,073,374**	**3,198,360**	**8,563,653**
Accumulated depreciation					
At 31 August 2014	159,441	2,947,081	855,159	2,300,944	6,262,625
Charge for the year	27,877	352,013	27,991	272,636	680,517
Disposals	-	(218,960)	(24,977)	-	(243,937)
At 31 August 2015	187,318	3,080,134	858,173	2,573,580	6,699,205
Charge for the year	27,902	377,699	49,556	303,102	758,259
Disposals	-	(401,121)	-	(263,999)	(665,120)
At 31 August 2016	**215,220**	**3,056,712**	**907,729**	**2,612,683**	**6,792,344**
Carrying amount					
At 31 August 2016	**319,432**	**702,316**	**165,288**	**584,273**	**1,771,309**
At 31 August 2015	345,572	848,116	51,883	384,820	1,630,391

Government of Dubai supports the Centre by virtue of free rent of the land and building in which the Centre is operating. On 21 January 2015, Government of Dubai bestowed 1,394 square metre of land in Al Warqa to the Centre which is recorded at nominal value of Arab Emirates Dirham 1. At the reporting date, the Centre proposes to construct a commercial and residential building at the Al Warqa site with the objective of generating sustainable income from its rentals for the Centre.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

6. Accounts receivable, prepayments and other assets

	2016 AED	2015 AED
Accounts receivable	**343,286**	294,101
Less: Allowance for doubtful debts	**(176,336)**	(109,251)
	166,950	184,850
Prepayments	**170,521**	183,710
Other receivables	**410,863**	523,926
Less: Allowance for doubtful debt (other receivables)	**(170,000)**	-
	578,334	892,486

The Centre's average credit period is 1 to 90 days (2015: 1 to 90 days). No interest is charged on past due account receivables. As per the Centre's policy, it provides on a case to case basis for account receivables that are above 90 days. As at 31 August 2016, accounts and other receivables at nominal value of AED 176,336 (2015: AED 109,251) were impaired.

Ageing of past due but not impaired account receivables:

	2016 AED	2015 AED
Overdue by:		
91 - 120 days	**350**	20,950
121 - 150 days	**7,550**	28,900
150 - 365 days	**159,050**	135,000
Total	**166,950**	184,850

Movement in the allowance for doubtful debts:

	2016 AED	2015 AED
Balance at the beginning of the year	**109,251**	147,525
Allowance for the doubtful debts during the year	**246,650**	56,576
Bad debts recovered/written off	**(9,565)**	(94,850)
Balance at the end of the year	**346,336**	109,251

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Centre to obtain collateral over receivables and the vast majority is, therefore, unsecured.

6. Accounts receivable, prepayments and other assets (continued)

Aging of impaired accounts and other receivables:

	2016 AED	2015 AED
Above 365 days	**346,336**	109,251

7. Cash and bank balances

	2016 AED	2015 AED
Cash on hand	**45,147**	12,099
Bank - current accounts	**2,174,565**	2,475,311
Fixed deposits	**6,981,153**	4,940,628
Bank balances and cash	**9,200,865**	7,428,038
Fixed deposits maturing after 3 months from the date of placement	**(6,981,153)**	(4,940,628)
Cash and cash equivalents	**2,219,712**	2,487,410

Interest rates on fixed deposits range between 0.1%% and 0.8% per annum (2015: 0.1% to 0.8% per annum).

Fixed deposits amounted to AED 2,856,000 is under lien against an overdraft facility with Emirates National Bank of Dubai.

8. Provision for employees' end of service indemnity

	2016 AED	2015 AED
Balance at the beginning of the year	**4,886,757**	4,308,172
Charge for the year	**743,864**	821,791
Amounts paid during the year	**(351,635)**	(243,206)
Balance at the end of the year	**5,278,986**	4,886,757

Provision for employees' end-of-service indemnity is made in accordance with the U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

9. Bank borrowings

	2016 AED	2015 AED
Motor vehicles loans	-	24,490
	-	24,490

Motor vehicles loans was repayable in equal monthly installments of AED 8,578. The last installment was paid on 15 November 2015.

10. Accounts payable and accruals

	2016 AED	2015 AED
Trade payables and accruals	**772,292**	716,938
Fee and rental deposits	**799,550**	761,550
Tuition fees received in advance	**1,474,697**	2,184,573
Other	**30,000**	-
	3,076,539	3,663,061

11. Revenue

	2016 AED	2015 AED
Tuition fees	**8,374,400**	7,992,600
Donations and events*	**3,449,182**	1,463,689
Child sponsorship fees**	**2,432,006**	2,151,006
Rental of facilities	**1,231,435**	1,163,102
Others	**4,005,172**	5,386,393
	19,492,195	18,156,790

*Donations and events include an amount of AED 19,199 which represents a restricted grant to be used for a particular transaction. Subsequent to year end, the amount was fully utilzed for the specified transaction.

**Expenses amounting to AED 2,432,006 in relation to child sponsorship fees have incurred and recorded during the year (2015: AED 2,151,006).

Notes to the financial statements
for the year ended 31 August 2016 (continued)

12. General and administrative expenses

	2016 AED	2015 AED
Salaries and other related benefits	**15,247,399**	14,990,359
Repairs and maintenance	**819,357**	759,085
Travelling and conveyance expense	**281,170**	360,287
Insurance	**283,427**	318,796
Legal municipal and visa expenses	**87,325**	86,380
Fund raising expenses, printing and stationery	**220,531**	251,680
Printing and stationery	**90,516**	99,506
Allowance for doubtful debts	**246,650**	56,576
Others	**682,972**	561,607
	17,959,347	17,484,276

13. Related party transactions

The Centre enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions and services received from/rendered to related parties as well as on other charges.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2016 AED	2015 AED
Salaries and other benefits	**596,028**	577,728
Other long term benefits	**53,975**	52,092
	650,003	629,820

14. Other income

	2016 AED	2015 AED
Interest income	**29,953**	30,269
Gain/(loss) on sale of property and equipment	**48,294**	(18,825)
Others	**133,111**	195,883
	211,358	207,327

Notes to the financial statements for the year ended 31 August 2016 (continued)

15. Additions to funds reserved

The additions to funds reserved represents donations received by the Centre in non-monetary form, including furniture, buses and other equipment and are recorded at the fair value of the item received.

16. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(b) Categories of financial instruments

	2016	2015
Financial assets	**AED**	AED
Receivables (including cash and bank balances)	**9,608,678**	8,136,814
Financial liabilities		
At amortised cost	**1,571,842**	1,502,978

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities at year-end approximate their carrying amounts in the statement of financial position.

17. Financial risk management

The Centre's overall financial risk management program seeks to minimise potential adverse effects of financial performance of the Centre. The management reviews overall financial risk covering specific areas, such as market risk, credit risk, and liquidity risk. Periodic reviews are undertaken to ensure that the Centre's policy guidelines are complied with.

The Centre does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Centre's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Interest rate risk management

Interest rate sensitivity analysis

The Centre is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits and bank borrowings). The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments at the reporting date. The analysis is prepared assuming the amount of assets/liabilities outstanding at the reporting date was outstanding for the whole year. A 15 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

17. Financial risk management (continued)

(a) Interest rate risk management (continued)

If interest rates had been 15 basis points higher/lower and all other variables were held constant, the Centre's profit for the year ended 31 August 2016 would decrease/increase by AED 10,472 (2015: profit would decrease/increase by AED 7,374). This is mainly attributable to the Centre's exposure to variable rate financial instruments.

(b) Foreign currency risk management

There are no foreign currency denominated monetary assets and liabilities at the reporting date, which are subject to significant exchange risk fluctuations. There were no outstanding derivative financial instruments as at 31 August 2016 and 2015. The majority of the liabilities are denominated in Arab Emirates Dirhams or in US Dollars to which the Dirham is fixed.

(c) Credit risk management

Tuition fees receivable are stated net of amounts estimated to be uncollectible and these receivables are closely monitored by the management.

With respect to credit risk arising from the other financial assets of the Centre, including bank balances and cash, the Centre's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Centre limits its credit risk with regard to bank deposits by only dealing with reputable banks.

(d) Liquidity risk management

The Centre limits its liquidity risk by continuously working on arranging funds from donors and fund raising activities, and by ensuring bank facilities are available, when needed.

The table below summarises the maturities of the Centre's undiscounted financial liabilities at 31 August, based on contractual payment dates and current market interest rates.

Liquidity risk tables

The following table details the Centre's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Centre can be required to pay. The table includes principal cash flows.

Notes to the financial statements
for the year ended 31 August 2016 (continued)

17. Financial risk management (continued)

(d) Liquidity risk management (continued)

Financial liabilities	Average interest rate	Less than 1 year AED	1 - 5 years AED	Greater than 5 years AED	Total AED
2016					
Non-interest bearing		**1,571,842**	**-**	**-**	**1,571,842**
		1,571,842	**-**	**-**	**1,571,842**
2015					
Interest bearing instruments	4.75%	24,490	-	-	24,490
Non-interest bearing	-	1,478,488	-	-	1,478,488
		1,502,978	-	-	1,502,978

The following table details the Centre's remaining contractual maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets except where the Centre anticipates that the cash flow will occur in a different period.

Financial assets	Average interest rate	Less than 1 year AED	1 - 5 years AED	Greater than 5 years AED	Total AED
2016					
Interest bearing instruments		**6,981,153**	**-**	**-**	**6,981,153**
Non-interest bearing		**2,627,525**	**-**	**-**	**2,627,525**
		9,608,678	**-**	**-**	**9,608,678**
2015					
Interest bearing instruments	0.68%	4,940,628	-	-	4,940,628
Non-interest bearing	-	3,196,186	-	-	3,196,186
		8,136,814	-	-	8,136,814

18. Approval of financial statements

The financial statements for the year ended 31 August 2016 were approved and signed by the Board of Directors on 22 May 2017.