Al Noor Training Centre for Persons with Disabilities

Financial statements

31 August 2019

Al Noor Training Centre for Persons with Disabilities

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Contents

	Page
Independent auditors' report	1 – 3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of cash flows	6
Statement of changes in funds reserved	7
Notes	8 – 29

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Independent Auditors' Report

To the Board of Governors of Al Noor Training Centre for Persons with Disabilities

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Noor Training Centre for Persons with Disabilities ("the Centre"), which comprise the statement of financial position as at 31 August 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at 31 August 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with 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 United Arab Emirates 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.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Centre'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 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 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 Centre's internal control.

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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Centre'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 Centre to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 17 JAN 2021

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Al Noor Training Centre for Persons with Disabilities

Statement of profit or loss and other comprehensive income
for the year ended 31 August 2019

	Note	2019 AED	2018* AED
Revenue	6	**17,416,315**	16,537,013
Administrative and general expenses	7	**(16,003,008)**	(19,417,612)
Impairment loss on trade receivables		**(65,700)**	(6,450)
Finance income		**61,209**	104,712
Other income	8	**436,535**	177,520
Net surplus/(deficit) for the year		**1,845,351**	(2,604,817)
Other comprehensive income for the year		**-**	-
Total comprehensive surplus/(deficit) for the year		**1,845,351**	(2,604,817)

* The Centre has initially applied IFRS 15 - *Revenue from Contracts with Customers* and IFRS 9 - *Financial Instruments* at 1 September 2018. Under the transition method chosen, comparative information has not been restated.

The notes on pages 8 to 29 are an integral part of these financial statements.

The independent auditors' report on these financial statements is set out on pages 1 to 3.

Al Noor Training Centre for Persons with Disabilities

Statement of financial position
at 31 August 2019

	Note	2019 AED	2018* AED
Non-current assets			
Property and equipment	*9*	**2,081,683**	1,678,970
Current assets			
Trade and other receivables	*10*	**576,527**	890,649
Cash in hand and at banks	*11*	**6,919,058**	7,442,940
		7,495,585	8,333,589
Current liabilities			
Trade and other payables	*12*	**4,119,750**	4,296,116
		4,119,750	4,296,116
Net current assets		**3,375,835**	4,037,473
Non-current liabilities			
Staff terminal benefits	*14*	**3,981,877**	6,109,133
Trade and other payables	*12*	**185,630**	162,650
		4,167,507	6,271,783
Net assets/(net liabilities)		**1,290,011**	(555,340)
Funds reserved:			
Retained earnings/(accumulated losses)		**1,290,011**	(555,340)
		1,290,011	(555,340)

* The Centre has initially applied IFRS 15 - *Revenue from Contracts with Customers* and IFRS 9 - *Financial Instruments* at 1 September 2018. Under the transition method chosen, comparative information has not been restated.

The notes on pages 8 to 29 are an integral part of these financial statements.

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Centre as of, and for, the year ended 31 August 2019. These financial statements were authorised for issue by the Board of Directors on 17/01/2021 and signed on their behalf by:

Chairman

Director

The independent auditors' report on these financial statements is set out on pages 1 to 3.

Al Noor Training Centre for Persons with Disabilities

Statement of cash flows
for the year ended 31 August 2019

	Note	2019 AED	2018* AED
Cash flows from operating activities			
Surplus/(deficit) for the year		**1,845,351**	(2,604,817)
Adjustments for:			
Depreciation	9	**764,140**	700,235
Donations not received in a monetary form	9	**(591,886)**	(361,963)
Gain on sale of property and equipment	8	**(49,999)**	-
Interest income		**(61,209)**	(104,712)
Provision for staff terminal benefits	14	**564,834**	762,333
		2,471,231	1,608,924)
Change in trade and other receivables		**314,122**	(222,513)
Change in trade and other payables		**(153,386)**	1,331,793
Staff terminal benefits paid	14	**(2,692,090)**	(714,440)
Net cash used in operating activities		**(60,123)**	(1,214,084)
Cash flows from investing activities			
Acquisition of property and equipment	9	**(574,968)**	(379,793)
Proceeds from sale of property and equipment		**50,000**	-
Increase in fixed deposits	11	**608,716**	2,660,418
Interest received		**61,209**	104,712
Net cash generated from investing activities		**144,957**	2,385,337
Net increase in cash and cash equivalents		**84,834**	1,171,253
Cash and cash equivalents at the beginning of the year		**3,023,808**	1,852,555
Cash and cash equivalents at the end of the year		**3,108,642**	3,023,808
These comprise the following:			
Cash in hand	11	**49,416**	32,415
Cash at banks	11	**3,059,226**	2,991,393
		3,108,642	3,023,808
Non-cash transactions:			
Property and equipment received as donations		**591,886**	361,963

* The Centre has initially applied IFRS 15 - *Revenue from Contracts with Customers* and IFRS 9 - *Financial Instruments* at 1 September 2018. Under the transition method chosen, comparative information has not been restated.

The notes on pages 8 to 29 are an integral part of these financial statements.

The independent auditors' report on these financial statements is set out on pages 1 to 3.

Al Noor Training Centre for Persons with Disabilities

Statement of changes in funds reserved
for the year ended 31 August 2019

	Retained earnings/ (accumulated losses)
At 1 September 2017	2,049,477
Total comprehensive deficit for the year	(2,604,817)
At 31 August 2018	(555,340)
At 1 September 2018*	(555,340)
Total comprehensive surplus for the year	1,845,351
At 31 August 2019	**1,290,011**

* The Centre has initially applied IFRS 15 - *Revenue from Contracts with Customers* and IFRS 9 - *Financial Instruments* at 1 September 2018. Under the transition method chosen, comparative information has not been restated.

The notes on pages 8 to 29 are an integral part of these financial statements.

1. Reporting entity

The Al Noor Training Centre for Persons with Disabilities (the "Centre") was established in 1984 with the objective of assisting handicapped children 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, under professional license no. 108439.

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

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Centre's functional currency.

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of Centre's 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 judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in note 17.

3. Changes in significant accounting policies

The Centre has initially adopted IFRS 9 *Financial Instruments* (refer note 3a) and IFRS 15 *Revenue from Contracts with Customers* (refer note 3b) from 1 September 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Centre's financial statements.

3a IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of IFRS 9, the Centre has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Centre's approach was to include the impairment of trade receivables in administrative, selling and general expenses. Consequently, the Centre reclassified impairment losses (nct of reversals) amounting to AED 6,450, recognised under IAS 39, from 'administrative and general expenses' to 'impairment loss on trade receivables' in the statement of profit or loss and OCI for the year ended 31 August 2018.

Additionally, the Centre has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures in 2019 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Centre's accounting policies related to financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Centre's accounting policies related to financial liabilities. For an explanation of how the Centre classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, refer note 4: Significant accounting policies – Financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Centre's financial assets. There has been no material effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 September 2018.

3. Changes in significant accounting policies *(continued)*

3a IFRS 9 Financial instruments *(continued)*

In AED	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying value under IAS 39**	**New carrying value under IFRS9**
Financial assets				
Trade and other receivables (excluding prepayments)	Loans and receivables	Amortised cost	759,218	759,218
Cash in hand and at banks	Loans and receivables	Amortised cost	7,442,940	7,442,940
Total financial assets			**8,202,158**	**8,202,157**
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	4,296,116	4,296,116
			4,296,116	**4,296,116**

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 4: Significant accounting policies – Financial instruments.

The Centre has assessed that the application of IFRS 9's impairment requirements at 1 September 2018 has had no significant impact on the provision as previously calculated.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 4: Significant accounting policies – Financial instruments.

The Centre has assessed that the application of IFRS 9's impairment requirements at 1 September 2018 has had no significant impact on the provision as previously calculated.

For additional information about the Centre's accounting policies with respect to impairment of financial instruments see note 4.

3. Changes in significant accounting policies *(continued)*

3 (b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Centre has adopted IFRS 15 using the cumulative effect method (without practically expedients), with effect of initially applying this standard recognized at the date of initial application. Accordingly, the information presented for 2018 has not been restated i.e it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The Centre has applied IFRS 15 with effect from 1 September 2018. There was no significant impact on the Centre's revenue recognition as a result of the application of this policy.

For additional information about the Centre's accounting policies with respect to revenue recognition see note 4.

4 Significant accounting policies

The Centre has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (refer also note 3).

Revenue

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.

Fee income

Fee income includes mainly tuition, child sponsorship fee and registration fees, other revenue mainly includes transportation fees. All fees are taken to income on an accrual basis with respect to the financial year to which they relate.

Donations

Donations (received as cash and non-monetary fixed asset donations) are 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.

Rental income

Rental income includes consideration received in respect of short-term use of facilities. Revenue is recognised at the time of providing the service.

4 Significant accounting policies *(continued)*

Finance income

Finance income comprises interest income on deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Provisions

A provision is recognised if, as a result of a past event, the Centre has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Staff terminal benefits

The Centre's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the year in which they arise.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Centre. Ongoing repairs and maintenance is expensed as incurred.

Items of property and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Centre will obtain ownership by the end of the lease term.

4. Significant accounting policies *(continued)*

Property and equipment *(continued)*

Depreciation (continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The details of the useful lives are as follows:

Assets	Useful life (years)
Leasehold improvements	20
Furniture and fixtures	4
Motor vehicles	4
Therapy equipment	4

Government grants

Government grants are recognised at nominal value when there is reasonable assurance that they will be received and the Centre will comply with the conditions associated with the grant. Grants which compensate the Centre for expenses incurred are recognised in the profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Centre becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets *– Policy applicable from 1 January 2018*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI –debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Centre changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

4. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Classification and subsequent measurement *(continued)*

Financial assets *– Policy applicable from 1 January 2018 (continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above, are measured at FVTPL. On initial recognition, the Centre may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets *– Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Centre considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Centre considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features;
- terms that limit the Centre's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

4. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Classification and subsequent measurement *(continued)*

Financial assets *– Subsequent measurement and gains and losses: Policy applicable from 1 January 2018*

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets *– Subsequent measurement and gains and losses: Policy applicable before 1 January 2018*

Loans and receivables were measured at amortised cost using the effective interest method.

Financial liabilities *– Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Centre derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Centre neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Centre enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Centre derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Centre also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4. Significant accounting policies *(continued)*

Financial instruments *(continued)*

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Centre currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets *– Policy applicable from 1 January 2018*

Financial instruments and contract assets

The Centre recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Centre measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Centre considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Centre's historical experience and informed credit assessment and including forward-looking information.

The Centre assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Centre considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Centre's historical experience and informed credit assessment and including forward-looking information.

The Centre assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Centre considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Centre in full, without recourse by the Centre to actions such as realizing security (if any is held); or
- The financial asset is more than 120 days past due.

4. Significant accounting policies *(continued)*

Impairment *(continued)*

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Centre is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Centre expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Centre assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Centre on terms that the Centre would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Centre determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Centre's procedures for recovery of amounts due.

4. Significant accounting policies *(continued)*

Impairment *(continued)*

Financial instruments and contract assets – policy applicable before 1 January 2018

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Centre on terms that the Centre would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or economic conditions that correlate with defaults.

Financial assets measured at amortised cost

The Centre considers evidence of impairment for financial assets measured at amortised cost (including receivables) at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Centre uses relevant historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Centre's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. All impairment losses are recognised in profit or loss.

4. Significant accounting policies *(continued)*

Impairment *(continued)*

Impairment losses recognised in the prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that thc assct's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

Provisions are recognized when the Centre has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Staff terminal benefits

The provision for staff terminal benefits is calculated in accordance with the UAE Federal Labor Law and is based on the liability that would arise if the employment of all the Centre's staff were terminated on the reporting date. The management considers these provisions as long - term obligations and accordingly classified these as a long - term liability.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not specified in an arrangement.

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Finance costs

The Centre's finance costs comprise of foreign exchange losses and bank charges.
Foreign exchange gain/(losses) are shown on a net basis.

4. Significant accounting policies *(continued)*

Foreign currency transactions

Transactions in foreign currencies are translated in United Arab Emirates Dirhams ("AED") at the approximate rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at exchange rate at the reporting date.

Non-monetary assets and liabilities are measured at fair value in a foreign currency are translated to AED at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

New standards and interpretation not yet effective

A number of new standards are effective for annual periods beginning after 1 September 2018 and earlier application is permitted; however, the Centre has not early adopted the new or amended standards in preparing these consolidated financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Centre's financial statements in the period of initial application.

IFRS 16 Leases

The Centre is required to adopt IFRS 16 Leases from 1 September 2018. The Centre is in the process of assessing the estimated impact that initial application of IFRS 16 will have on its financial statements.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

i. Leases in which the Centre is a lessee

The Centre will recognise new assets and liabilities for its operating leases of land and buildings (refer note 9). The nature of expenses related to those leases will now change because the Centre will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Centre did not record operating lease expense as the lease is taken by the Director for the beneficial use of the Centre.

4. Significant accounting policies *(continued)*

New standards and interpretation not yet effective *(continued)*

IFRS 16 Leases (continued)

ii. Transition

The Centre plans to apply IFRS 16 initially on 1 September 2018, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 September 2018, with no restatement of comparative information.

The Centre plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 September 2018 and identified as leases in accordance with IAS 17 and IFRIC 4.

5. Financial risk management

Overview

The Centre has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Centre's exposure to each of the above risks, the Centre's objectives, policies and processes for measuring and managing risk, and the Centre's management of capital.

Risk management framework

The Directors have overall responsibility for the establishment and oversight of the Centre's risk management framework and are responsible for developing and monitoring the Centre's risk management policies.

Credit risk

Credit risk is the risk of financial loss to the Centre if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Centre's trade and other receivables and cash at banks.

Trade and other receivables

The management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Centre's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer, which represents the maximum open amount without requiring approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Centre's benchmark creditworthiness may transact with the Centre only on a prepayment basis.

5. Financial risk management *(continued)*

Credit risk *(continued)*

The Centre has a credit control department which monitors credit approval, collections and proposes establishment of allowance for impairment. The Centre's exposure to significant customers across various entities and divisions of the Centre is monitored on a regular basis.

The Centre establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Cash at banks

The Centre's cash is placed with banks of good repute.

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Centre's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Centre's reputation.

Liquidity risk mainly relates to trade and other payables. The Centre ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Centre's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk

The majority of the Centre's transactions are denominated in AED, therefore the Centre is not exposed to significant currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Centre has no significant exposure to interest rate risk other than relating to interest income on deposits which carry market interest rates. Quantitative disclosures in respect of these financial instruments have been mentioned in note 16.

5. Financial risk management *(continued)*

Capital management

The Centre's main objective when managing capital is to safeguard the Centre's ability to continue as a going concern and to meet its business commitments. There was no change in the Centre's approach to capital management during the current year.

6. Revenue

	2019 AED	2018 AED
Tuition fees	**6,782,850**	7,622,800
Child sponsorship fees	**1,999,122**	1,997,500
Rental of facilities	**2,075,522**	1,979,149
Donations and events	**2,159,370**	1,851,952
Other revenue	**4,399,451**	3,085,612
	17,416,315	16,537,013

7. Administrative and general expenses

	2019 AED	2018 AED
Staff costs	**13,073,598**	15,536,321
Fundraising expenses	**270,200**	946,299
Repairs and maintenance	**659,003**	706,409
Depreciation (refer note 8)	**764,140**	700,235
Travelling expenses	**337,052**	367,288
Insurance expenses	**153,456**	224,955
Write-off of bad debts	**66,887**	156,368
Legal, municipal and visa expenses	**72,648**	67,972
Printing and stationery	**68,130**	55,365
Others	**537,894**	656,400
	16,003,008	19,417,612

8. Other income

	2019 AED	2018 AED
Gain on sale of property and equipment	**49,999**	-
Other income	**386,536**	177,520
	436,535	177,520

Al Noor Training Centre for Persons with Disabilities

Notes *(continued)*

9. Property and equipment

	Leasehold improvements	Furniture and fixtures	Therapy equipmen t	Motor vehicle	Capital work in progress	Total
Cost						
At 1 September 2017	532,890	3,952,276	1,310,703	3,396,360	-	9,192,229
Additions (refer (ii) below)	-	371,293	370,463	-	-	741,756
At 31 August 2018	532,890	4,323,569	1,681,166	3,396,360	-	9,933,985
At 1 September 2018	532,890	4,323,569	1,681,166	3,396,360	-	9,933,985
Additions (refer (ii) below)	-	573,064	21,846	20,800	551,144	1,166,854
Disposals	-	-	-	(224,450)	-	(224,450)
At 31 August 2019	532,890	4,896,633	1,703,012	3,192,710	551,144	10,876,389
Accumulated depreciation						
At 1 September 2017	243,071	3,433,343	977,067	2,901,299	-	7,554,780
Charge for the year	27,043	329,881	133,861	209,450	-	700,235
At 31 August 2018	270,114	3,763,224	1,110,928	3,110,749	-	8,255,015
At 1 September 2018	270,114	3,763,224	1,110,928	3,110,749	-	8,255,015
Charge for the year	26,117	353,220	205,167	179,636	-	764,140
On disposals	-	-	-	(224,449)	-	(224,449)
At 31 August 2019	296,231	4,116,444	1,316,095	3,065,936	-	8,794,706
Net Book Value						
At 31 August 2019	**236,659**	**780,189**	**386,917**	**126,774**	**551,144**	**2,081,683**
At 31 August 2018	262,776	560,345	570,238	285,611	-	1,678,970

(i) In 2013, the Government of Dubai had bestowed 1,394 square metres of land in Al Warqa to the Centre which is recorded at a nominal value of AED 1. The Centre is planning to construct a commercial and residential building at this site with the objective of generating sustainable income from its rentals. The cost of the construction will be borne by donors, hence the Centre has no capital commitment towards this. In the current year the Centre has started construction of the residential property 'Bait Al Noor project' for which donation of AED 1,000,000 was collected.

(ii) Included in additions is an amount of AED 591,886 *(2018: AED 361,963)* which pertains to assets received as donations.

(iii) The Centre operates on land and buildings which are owned by Dubai Real Estate Corporation and leased by the Chairman of the Centre, Mr. Khalid Al Halyan, for the beneficial use of the Centre.

The land and buildings are available for the use for the foreseeable future.

10. Trade and other receivables

	2019 AED	2018 AED
Trade receivables	**212,100**	382,932
Less: provision for doubtful debts	**(91,500)**	(25,800)
	120,600	357,132
Prepayments	**121,123**	131,431
Other receivables	**334,804**	402,086
	576,527	890,649

11. Cash in hand and at banks

	2019 AED	2018 AED
Cash in hand	**49,416**	32,415
Cash at banks – current accounts	**3,059,226**	2,991,393
Cash at banks – fixed deposits	**3,810,416**	4,419,132
	6,919,058	7,442,940

Cash at banks includes fixed deposits held at call with banks with original maturities of one year and less at market prevailing profit rates.

12. Trade and other payables

	2019 AED	2018 AED
Trade payables	**615,487**	399,613
Tuition fees received in advance – current	**1,153,413**	1,415,383
Accruals and other payables	**906,145**	1,312,84
Deposits received	**861,350**	810,900
Accrued air ticket	**421,892**	314,062
Others	**161,463**	43,314
	4,119,750	4,296,116
Tuition fees received in advance – non-current	**185,630**	162,650

13. Related party transactions and balances

The Centre, in the normal course of business carries out transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard 24. These transactions are carried out at mutually agreed rates.

Compensation to key management personnel is as follows:

	2019 AED	2018 AED
Short-term benefits	**655,828**	632,028
Provision towards employees' terminal benefits	**11,760**	57,495

14. Staff terminal benefits

	2019 AED	2018 AED
Opening balance	**6,109,133**	6,061,240
Provision made during the year	**564,834**	762,333
Payments made during the year	**(2,692,090)**	(714,440)
Closing balance	**3,981,877**	6,109,133

15. Capital commitments and contingent liabilities

The Centre does not have any capital commitments or contingent liabilities as at the reporting date *(2018: Nil)*.

16. Financial instruments

Financial assets of the Centre include cash in hand and at bank and trade and other receivables. Financial liabilities of the Centre consists of trade and other payables. Accounting policies for financial assets and liabilities are set out in note 3.

(a) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 AED	2018 AED
Trade and other receivables (excluding prepayments)	**455,404**	759,218
Cash at banks	**6,869,642**	7,410,525
	7,325,046	8,169,743

16. Financial instruments *(continued)*

(a) Credit risk *(continued)*

Expected credit loss assessment
The Centre uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Based on the ELC assessment, the Centre recognised the below impairment losses for the year ended 31 August 2019. Management have applied the ECL on the comparative information and reported no significant variance from that already reported.

The ageing of trade receivables and the related impairment loss per the ECL model at the reporting date was:

	Gross 2019 AED	**Impairment 2019 AED**	Gross 2018 AED	Impairment 2018 AED
Within 90 days	**30,200**	**11,500**	189,162	-
91 – 180 days	**65,150**	**26,350**	84,590	6,450
181 – 365 days	**92,700**	**30,100**	89,830	-
More than 365 days	**24,050**	**23,550**	19,350	19,350
Balance at 31 August	**212,100**	**91,500**	382,932	25,800

The exposure to credit risk on these trade receivables is monitored on an ongoing basis by the management. The balances, net of provisions, are considered fully recoverable. Based on the historical default rates and assessment of specific outstanding balances, the Centre believes that no further provision is necessary in respect of outstanding trade receivables.

	2019 AED	2018 AED
At 1 September	**25,800**	19,350
Charge for the year	**65,700**	6,450
At 31 August	**91,500**	25,800

16. Financial instruments *(continued)*

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount AED	Contractual cash flow AED	Less then 1 year AED
At 31 August 2019			
Trade and other payables (excluding advances)	**2,966,337**	**2,966,337**	**2,966,337**
At 31 August 2018			
Trade and other payables (excluding advances)	2,837,419	2,837,419	2,837,419

(c) Market risk

Interest rate risk

The Centre is exposed to interest rate risk on deposits at banks.
At the reporting date, the interest rate profile of the Centre's interest bearing financial instruments was:

	2019 AED	2018 AED
Variable rate instruments		
Fixed deposits at banks	**3,810,416**	4,419,132

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit or loss	
	100 bp increase AED	100 bp decrease AED
31 August 2019	**(38,104)**	**38,104**
31 August 2018	(44,191)	44,191

16. Financial instruments *(continued)*

(d) Fair values

The fair values of the Centre's financial assets and liabilities approximate their carrying values at the reporting date.

17. Use of estimates and judgments

Judgments made by the management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year mainly comprise of the following:

Impairment losses on property and equipment

The Centre reviews its property and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be reported in profit or loss, the Centre makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property and equipment. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment.

Estimated useful life and residual value of property and equipment

The management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Centre has carried out a review of the residual values and useful lives of property and equipment during the year to assess the reasonableness of such estimates.

Impairment losses on receivables

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

18. Subsequent events

Subsequent to the year end, the business of the Centre has been impacted on account of the spread of the COVID 19 pandemic in the region. Considering that the primary business of the Centre is assisting handicapped children with both academic and vocational training, such an outbreak has had an impact on the performance of the Centre in 2020. Whilst the students` experience within the Centre`s training was impacted due to the inability to attend classes and unavailability of devices for the distance learning during the lockdown period, it will have a more pronounced effect on the operations and results of the Centre if this weak economic environment continues and the Centre will not be able to facilitate the training on site and fund raising events due to the authority restrictions (KHDA). The Centre's management has been closely monitoring the impact of the developments on the Centre's businesses and has started to put in place the contingency measures. Management considers that the situation is fast evolving, the effect of the outbreak is by nature subject to significant levels of uncertainty, with the full range of possible effects unknown.