

Bahrain Society of Engineers

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2025

Bahrain Society of Engineers

REPORT AND FINANCIAL STATEMENTS

31 December 2025

CONTENTS	PAGE
Society profile	1
Independent auditors' report	2-4
Statement of financial position	5
Statement of income and expenditure	6
Statement of changes in member's fund	7
Statement of cash flows	8
Notes to the financial statements	9-21

Bahrain Society of Engineers

SOCIETY PROFILE

Registration Number	:	76/J/M obtained on 15 March 1992
<u>Managing Committee</u>		
President	:	Dr. Raeda Sayed Kadhem Jaafar Al Alawi
Vice President	:	Eng. Huda Sultan Mubarak Faraj
Treasurer	:	Eng. Heyam Mohamed Ali Mahdi AlMaskati
Executive Secretary & Director of External Affairs	:	Eng. Jaafar Mohamed Ali Mohamed Ahmed
Director of Membership	:	Eng. Shaikha Sultan Ahmed Mohamed AlKhalasi
Director of Forums & Professional Affairs	:	Eng. Bader Yusuf Isa Salmeen
Director of Conferences	:	Eng. Habib Husain Habib Kadhem AlJaboori
Director of Media & Public Relations	:	Eng. Fareed Ismaeel AbdulNabi Bushehri(resigned on 15.01.2026) Eng. Khaled Salman Hamad Shaikh Mohamed Al Shaikh(appointed w.e.f. 15.01.2026)
Director of General Activities & Community Services	:	Eng.Ali Jaber Ali Abdulla Ali Al Qattan
Registered Office	:	Building 230, Road 41, Al Shabab Avenue Manama, Al Juffair 341, Kingdom of Bahrain.
Independent Auditors	:	Russell Bedford Assure Audit Chartered Accountants P.O. Box 11580 Falcon Tower Diplomatic Area Kingdom of Bahrain

INDEPENDENT AUDITOR'S REPORT

To the members of Bahrain Society of Engineers

Opinion

We have audited the accompanying financial statements of Bahrain Society of Engineers (the "Society"), set out on pages 5 to 21, which comprise the statement of financial position as at 31 December 2025, and the statement of income and expenditure, statement of changes in members fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Managing Committee for the financial statements

Managing Committee is responsible for the preparation and fair presentation of the financial statements in accordance with note 2 to the financial statements and for such internal control as the Managing Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Managing Committee is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Managing Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

To the members of Bahrain Society of Engineers (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Committee.
- Conclude on the appropriateness of the Managing Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Managing Committee 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.

Report on Other Legal and Regulatory Requirements

Furthermore in our opinion and to the best of our knowledge and belief, no violations of the Law of Social & Cultural Societies associated with Association, promulgated by Legislative Decree No.21 of 1989, have occurred during the year ended 31 December 2025, that might have had a material adverse effect on the business of the Society or on its financial position.

Report on Anti-Money Laundering Compliance

We have examined on sample basis the internal controls and system of the Society relevant to member / client identification and detecting & reporting of suspicious transactions.

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

- a) the Society maintains proper internal control systems and procedures sufficient for monitoring and reporting of suspicious or extraordinary transactions;
- b) the Society holds sufficient measures and internal procedures relevant for verifying the identity of its members;
- c) the Society has not identified any suspicious transaction for the year ended 31 December 2025;



INDEPENDENT AUDITOR'S REPORT

To the members of Bahrain Society of Engineers (continued)

Report on Anti-Money Laundering Compliance (continued)

- d) the Society has NO relationship of any kind with any individual(s) or organization(s) listed in the United Nations Security Council Resolution or Domestic list; and
- e) as at financial year ended 31 December 2025 we are not aware of any violations of the Ministerial order (65) of 2012 for NPOs.

assure audit

Registration No.242
22 February 2026
Manama, Kingdom of Bahrain



Bahrain Society of Engineers

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note Ref	2025 BD	2024 BD
ASSETS			
Non-current asset			
Property, plant and equipment	4	2,110,385	2,135,249
		<u>2,110,385</u>	<u>2,135,249</u>
Current asset			
Accounts receivable	5	99,989	390,697
Inventories / Stock	6	872	872
Cash and bank balances	7	1,870,616	1,868,823
		<u>1,971,477</u>	<u>2,260,392</u>
TOTAL ASSETS		<u>4,081,862</u>	<u>4,395,641</u>
MEMBER'S FUND AND LIABILITIES			
Member's fund			
General fund	16(i)	1,992,950	1,989,140
Financial assistance and support fund	16(ii)	30,591	30,552
Member's fund	16(iii)	32,431	32,392
Revaluation reserve	16(iv)	1,789,636	1,789,636
TOTAL MEMBER'S FUND		<u>3,845,608</u>	<u>3,841,720</u>
Non-current liability			
Employee benefits	8	-	-
Deferred Income	11	2,660	3,570
		<u>2,660</u>	<u>3,570</u>
Current liability			
Deferred Income	11	840	1,260
Accounts payable	9	32,590	345,590
Other payables	10	200,164	203,501
		<u>233,594</u>	<u>550,351</u>
TOTAL LIABILITIES		<u>236,254</u>	<u>553,921</u>
TOTAL MEMBER'S FUND AND LIABILITIES		<u>4,081,862</u>	<u>4,395,641</u>

These financial statements were approved for issue by the Managing Committee on 22 February 2026 and signed on its behalf by:


Dr. Raeda Sayed Kadhem Jaafar Al Alawi
President


Eng. Heyam Mohamed Ali Mahdi AlMaskati
Treasurer



The attached notes 1 to 21 form an integral part of these financial statements

Bahrain Society of Engineers

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 December 2025

	Note Ref	2025 BD	2024 BD
Income from operations	12	306,796	904,329
Cost of operations	13	(161,479)	(744,557)
		<u>145,317</u>	<u>159,772</u>
Other income	14	102,927	98,853
General and administrative expenses	15	(164,968)	(180,126)
Depreciation	4	(41,007)	(40,990)
Bad Debts Written off during the year	5	(28,650)	(87,667)
Impairment allowance	5	(9,731)	(11,119)
		<u>(141,429)</u>	<u>(221,049)</u>
Net surplus / (deficit) for the year transferred to general fund		<u>3,888</u>	<u>(61,277)</u>



Dr. Raeda Sayed Kadhem Jaafar Al Alawi
President



Eng. Heyam Mohamed Ali Mahdi AlMaskati
Treasurer



The attached notes 1 to 21 form an integral part of these financial statements

Bahrain Society of Engineers

STATEMENT OF CHANGES IN MEMBER'S FUND

For the year ended 31 December 2025

	General Fund	Financial assistance and support fund	Member's fund	Revaluation reserve	Total
	BD	BD	BD	BD	BD
Balance as at 01 January 2024	2,050,417	30,552	32,392	1,661,552	3,774,913
Net (deficit) for the year	(61,277)	-	-	-	(61,277)
Revaluation adjustment	-	-	-	128,084	128,084
Balance at 31 December 2024	1,989,140	30,552	32,392	1,789,636	3,841,720
Net surplus for the year	3,888	-	-	-	3,888
Transfer during the year [Refer note 16(ii) & (iii)]	(78)	39	39	-	-
Balance at 31 December 2025	1,992,950	30,591	32,431	1,789,636	3,845,608


Dr. Raeda Sayed Kadhem Jaafar Al Alawi
 President


Eng. Heyam Mohamed Ali Mahdi AlMaskati
 Treasurer



The attached notes 1 to 21 form an integral part of these financial statements

Bahrain Society of Engineers
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	2025 <i>BD</i>	2024 <i>BD</i>
OPERATING ACTIVITIES		
Net surplus / (deficit) for the year	3,888	(61,277)
Adjustments for:		
Depreciation	41,007	40,990
Provision for impairment of receivables	9,731	11,119
Amortization of deferred income	(1,330)	(1,260)
Interest income	(86,144)	(90,298)
	<u>(32,848)</u>	<u>(100,726)</u>
Working capital changes:		
Decrease in Inventories	-	368
Decrease / (Increase) in accounts and other receivables	280,977	(211,834)
(Decrease) / Increase in accounts payable	(313,000)	201,731
(Decrease) / Increase in Other payables	(3,337)	22,004
Cash (used in) operations	<u>(68,208)</u>	<u>(88,457)</u>
Employees' end of service benefit paid	-	(9,086)
Net Cash (used in) operations	<u>(68,208)</u>	<u>(97,543)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,143)	(3,184)
Fixed deposits (net)	(553,067)	1,168,264
Interest received	86,144	90,298
Net Cash (used in) / generated from investing activities	<u>(483,066)</u>	<u>1,255,378</u>
Net (decrease) / increase in cash and cash equivalents	<u>(551,274)</u>	<u>1,157,835</u>
Cash and cash equivalents at 01 January	1,868,823	710,988
Cash and cash equivalents at 31 December (refer note 7)	<u>1,317,549</u>	<u>1,868,823</u>


Dr. Raeda Sayed Kadhem Jaafar Al Alawi
President


Eng. Heyam Mohamed Ali Mahdi AlMaskati
Treasurer



The attached notes 1 to 21 form an integral part of these financial statements

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 SOCIETY INFORMATION AND ACTIVITIES

Bahrain Society of Engineers (the Society) was established on 15 March 1992 under the Registration No. 76/J/M. Its registered office is Building 230, Road 41, Al Shabab Avenue Manama, Al Juffair 341, Kingdom of Bahrain.

Principal activity

The Society's principal activities are contribution to the industrial development activities in the Kingdom of Bahrain in co-operation with the competent authorities, enhancing the engineering profession standards in co-operation with the Ministry of Labor and Social Affairs and other concerned Ministries, conducting conferences and training programmes welcoming colleagues in the Arab as well as non-Arab countries.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared in Bahraini Dinars (BD), which is the functional and presentation currency of the Society.

New and amended standards adopted by the society

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2025.

Amendments to IAS 21 - Lack of Exchangeability

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. These new requirements apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process).

The managing committee believes the amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future

Standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the society's financial statements are disclosed below. The Society reasonably expects these standards issued to be applicable at a future date. The Society intends to adopt these standards, if applicable, when they become effective:

Effective date New or revised pronouncement

1-Jan-26

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 - On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- I. clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- II. clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- III. add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- IV. update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Effective date	New or revised pronouncement
----------------	------------------------------

1-Jan-27	IFRS 19 Subsidiaries without Public Accountability: Disclosures - Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. Society does not expect this standard to have an impact on its operations or financial statements.
1-Jan-27	IFRS 18 Presentation and Disclosure in Financial Statements - IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing managing committee-defined performance measures within the financial statements. The key new concepts introduced in IFRS 18 relate to: I. the structure of the statement of profit or loss with defined subtotals; II. requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss III. required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, managing committee-defined performance measures); and IV. enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

The managing committee is currently assessing the impact of the above standards and interpretations on the financial statements of the society.

Current versus non-current classification

The Society presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset / liability is classified as current if it is expected to be realised/ settled within 12 months after the reporting period.

Revenue recognition

Revenue is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Society satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Performance obligation and the timing of revenue recognition - Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Revenue from subscription consists of fees collected from members for Society's membership.

Tamheed project income refers to the fixed reimbursement received from Tamkeen on meeting certain pre-defined criteria and are recognized on accrual basis.

Income from conferences and seminars, workshops and training courses are recognized on an accrual basis.

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rental income is recognized on an accrual basis.

Determining the transaction price - In case of fixed-price contracts, the member pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payment exceeds the services rendered, a contract liability is recognized.

Allocating amount to performance obligations - The Society's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Other income is accounted for on the accrual basis, unless collectability is in doubt.

Property, plant and equipment

Property, plant and equipment are stated at cost, except certain freehold land and building, less accumulated depreciation and any accumulated impairment losses. Certain freehold land and building are stated at revalued amounts. Cost includes all costs directly attributable to bringing the assets to working condition for its intended use. The cost of replacing part of an item of Property, plant and equipment is recognized in carrying amount if it is probable that future economic benefits will flow to the Society and its cost can be measured reliably. All other repairs and maintenance costs are recognised in the statement of income and expenditure as incurred.

After recognition as an asset, an item of Property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value as at the date of the financial statements. The increases resulting from such revaluation is credited to the revaluation in shareholders' equity. Decreases offsetting previous increases of the same class of assets are charged against the revaluation reserve. All other decreases are charged to the statement of comprehensive income.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

Freehold land	Not depreciated
Buildings	20 years
Porta cabin	10 years
Boundary wall	10 years
Central air conditioning unit	10 years
Furniture and fixtures	8 years
Office equipments	4 years
Lift	10 years
Office interiors	10 years

Land and assets in the process of completion are not depreciated. An item of Property, plant 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 income and expenditure when the asset is derecognised.

The residual value, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Classification and initial measurement

Financial assets are initially recognized at fair value, including transaction costs that are directly attributable to the acquisition of the financial asset except transaction costs on financial instruments measured at FVTPL are not included in the amount at which the instrument is initially measured; instead, they are immediately recognized in profit or loss. Trade and other receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through other comprehensive income (FVOCI), and
- fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Society's business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement of financial assets

Subsequent to initial measurement, financial assets and liabilities are measured at either amortized cost or fair value.

The Society measures financial assets at amortized cost if both of the following conditions are met:

- they are held within a business model with the objective to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in statement of comprehensive income when the asset is derecognized, modified or impaired.

If the objective of the business model is to both hold to collect and sell debt instrument, it is classified at fair value through other comprehensive income.

If either of these two classification criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

Additionally, even if a financial asset meets the amortized cost criteria, the entity may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Society can make an irrevocable election to classify an equity investment that is not held for trading as FVTOCI.

The irrevocable election is on an instrument-by-instrument basis. If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognized in other comprehensive income and are not subsequently included in the statement of Income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL and changes therein, including any interest or dividend income, are recognized in the profit or loss.

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short-term deposits.(with maturity less than 3 months)

Accounts receivable

Accounts and other receivables represent the Society's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Accounts receivables are stated at original invoice amount, less any impairment allowances provided.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Society retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Society has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Society recognizes an allowance for Expected Credit Loss (ECL) for all debt instruments not held at fair value through profit or loss. ECL's are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held and other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Society applies a simplified approach in calculating loss allowance based on lifetime ECL's at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experiences, adjusted for forward looking factors and external indicator. Refer Note 17(ii)(d), for further disclosure relating to impairment of trade receivables.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction cost unless the Society designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

Accounts and Other Payables

Accounts and other payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Society.

Provisions

Provisions are recognized when the Society has a present legal or constructive obligation 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 can be made.

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' benefits

Entitlements to annual leave, air passage and other short-term benefits are recognized in the Statement of income and expenditure as they accrue to the employees.

For the Bahraini employees, the Society contributes to the pension scheme administered by Social Insurance Organisation (SIO). This is a funded defined contribution scheme and the Society's contributions are charged to the Statement of income and expenditure in the year to which they relate. The Society's obligations are limited to the amounts contributed to the Scheme.

For non-Bahraini employees, up to February 2024 the Society provides for end of service benefits in accordance with the Bahrain Labour Law based on their salaries at the time of leaving and number of years of service. Provision for this unfunded commitment, which represents a defined benefit scheme, is made by calculating the liability had all employees left at the reporting date. The provision is classified as a non-current liability in the statement of financial position. Commencing March 2024 the Society contributes to the end of services benefits administered by social insurance organisation (SIO). The Society contributions are charged to the statement of income and expenditure in the year to which they relate. The society's obligations are limited to the amounts contributed to the end of services benefits.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Society's financial statements requires the Managing Committee to make judgements and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgements and estimates are as follows:

Going concern

The Managing Committee has made an assessment of the Society's ability to continue as a going concern and is satisfied that the Society has the resources to continue in business for the foreseeable future. Furthermore, the Managing Committee is not aware of any material uncertainties that may cast significant doubt upon the Society's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

Estimates and assumptions

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are provided below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Actual results may be substantially different.

Useful lives of Property, plant and equipment

The Society determines the estimated useful lives of its Property, plant and equipment considering the expected usage of the asset or physical wear and tear. The Society reviews the useful life and residual value of Property, plant and equipment annually and the future depreciation charges would be adjusted where the Managing Committee believes the useful lives differ from previous estimates.

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

4 Property, plant and equipment

	*Freehold land		Buildings		Porta cabin		Boundary wall		Central air conditioning unit		Furniture and fixtures		Office equipments		Lift		Office interiors		**Capital work in progress		Total		
	BD		BD		BD		BD		BD		BD		BD		BD		BD		BD		BD		
Cost:																							
As at 01 January 2025	1,789,636		460,534		11,000		6,705		42,069		107,634		141,524		13,700		283,520		62,515				2,918,837
Additions	-		-		-		-		15,195		-		948		-		-		-		-		16,143
As at 31 December 2025	1,789,636		460,534		11,000		6,705		57,264		107,634		142,472		13,700		283,520		62,515				2,934,980
Depreciation:																							
As at 01 January 2025	-		441,622		4,125		6,705		40,695		84,228		132,935		2,398		70,880		-		-		783,588
Charge for the year	-		2,124		1,100		-		910		4,914		2,237		1,370		28,352		-		-		41,007
As at 31 December 2025	-		443,746		5,225		6,705		41,605		89,142		135,172		3,768		99,232		-		-		824,595
Net book value as at 31 December 2025	1,789,636		16,788		5,775		-		15,659		18,492		7,300		9,932		184,288		62,515				2,110,385

	*Freehold land		Buildings		Porta cabin		Boundary wall		Central air conditioning unit		Furniture and fixtures		Office equipment		Lift		Office interiors		Capital work in progress		Total		
	BD		BD		BD		BD		BD		BD		BD		BD		BD		BD		BD		
Cost:																							
As at 01 January 2024	1,661,552		460,534		11,000		6,705		42,069		107,634		138,340		13,700		283,520		62,515				2,787,569
Additions	-		-		-		-		-		-		3,184		-		-		-		-		3,184
Revaluation adjustment	128,084		-		-		-		-		-		-		-		-		-		-		128,084
As at 31 December 2024	1,789,636		460,534		11,000		6,705		42,069		107,634		141,524		13,700		283,520		62,515				2,918,837
Depreciation:																							
As at 01 January 2024	-		439,498		3,025		6,705		40,329		78,851		130,634		1,028		42,528		-		-		742,598
Charge for the year	-		2,124		1,100		-		366		5,377		2,301		1,370		28,352		-		-		40,990
As at 31 December 2024	-		441,622		4,125		6,705		40,695		84,228		132,935		2,398		70,880		-		-		783,588
Net book value as at 31 December 2024	1,789,636		18,912		6,875		-		1,374		23,406		8,589		11,302		212,640		62,515				2,135,249

*Freehold land located in Juffair, bearing title deed no. 1372/1973 and registration no. 2594/1973 was donated to the Society by H.H. The Late Emir, Shaikh Isa Bin Saliman Al Khalifa, which has been revalued at its market value by Nasser Real Estate Agency, an independent professional property valuer on 25 August 2024. The revaluation surplus of BD 128,084 (included in the carrying value as on 31 December 2024 amounting to BD 1,789,636) has been credited to a revaluation reserve under the Member's Fund which will be released only on disposal of the land.

** Capital Work in Progress relates to the expenses incurred till date for setting up the AI Mohandiseen Training Centre.

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5 Accounts receivable	2025	2024
	<i>BD</i>	<i>BD</i>
Membership and financial assistance fee receivable	31,969	26,512
Conference and seminars receivables	68,265	322,987
Training courses and Tamheed receivables	28,000	136,807
Bad Debts Written off during the year*	(28,000)	(87,667)
Less: Allowance for Expected Credit Loss (ECL)	(9,731)	(11,119)
	<u>90,503</u>	<u>387,520</u>
Prepaid expenses	2,048	2,000
Other receivables	2,111	1,177
Bad Debts Written off during the year*	(650)	-
VAT receivable	5,977	-
	<u>99,989</u>	<u>390,697</u>

Movement in the allowance for ECL is as below:

	2025	2024
	<i>BD</i>	<i>BD</i>
Opening provision	11,119	6,625
Provision during the year	9,731	11,119
ECL written off	(11,119)	(6,625)
	<u>9,731</u>	<u>11,119</u>

During the year 2018, the Society's Board of Directors approved and implemented a provisioning policy towards overdue accounts receivables as required by International Accounting Standards as well as best practices. As per the approved policy, the accounts receivable aged and outstanding for more than one year will be fully provided. Based on the policy, the Society has created an ECL provision of BD 9,731 on its overdue membership receivables as per their ageing.

* During the year the managing committee has decided to write off receivables of BD 650 related to the Career Expo and BD 28,000 from Tamkeen as bad debts as the same is related to Tamheed project and no longer receivable from Tamkeen.

The Society's receivables generally range from 60 to 90 days credit terms and the ageing as at 31 December 2025 is as follows:

	Total	Neither past due nor impaired less than 3 months	Past due but not impaired more than 3 months	Past due but not impaired more than 1 year
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
At 31 December 2025	<u>68,265</u>	<u>50,805</u>	<u>17,460</u>	<u>-</u>
At 31 December 2024	<u>372,127</u>	<u>346,347</u>	<u>25,780</u>	<u>-</u>

Unimpaired account receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Society to obtain collateral over account receivables and, therefore, are all unsecured. In the opinion of the Society's management, the fair value of the account receivables are not expected to be significantly different from their carrying values.

6 Inventories / Stock	2025	2024
	<i>BD</i>	<i>BD</i>
Stock of gift articles, mementoes; etc.	872	872
	<u>872</u>	<u>872</u>

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7 Cash and bank balances	2025	2024
	BD	BD
Cash at banks		
- Current accounts	8,434	52,576
- Short term deposits (with maturity less than 3 months)	1,308,800	1,816,117
Cash in hand	315	130
Cash and cash equivalents	1,317,549	1,868,823
- Short term deposits (with maturity more than 3 months)	553,067	-
Cash and bank balances	1,870,616	1,868,823

Short term deposits are placed with the Society's banker, earn profit at the current market rates and maturing as follows:

Name of the Bank	Currency	Deposit Number	2025	Maturity date
			BD	
National Bank of Bahrain B.S.C.	BD	5000074878	1,097,980	16.01.2026
National Bank of Bahrain B.S.C.	BD	5000078283	70,402	12.02.2026
National Bank of Bahrain B.S.C.	BD	5000083371	100,220	12.03.2026
National Bank of Bahrain B.S.C.	BD	50000116062	40,198	15.01.2026
Deposits with maturity less than 3 months			1,308,800	
National Bank of Bahrain B.S.C.	BD	5000001615	553,067	5.05.2026
Deposits with maturity more than 3 months			553,067	

Unrestricted accounts with banks are as follows:

Name of the Bank	Currency	Account Number	Type of account	2025
				BD
National Bank of Bahrain B.S.C.	BD	0099065991	Current account	4,187
Collection account				
National Bank of Bahrain B.S.C.	BD	0099098911	Current account	2,996
Training account				
National Bank of Bahrain B.S.C.	BD	5000065556	Current account	1,251
Operational Account				
				8,434

The Current account having account number 0099065991, is used for collecting and transferring money from and to outside the domestic region.

8 Employee benefits

Defined Benefit Scheme - end of service benefit

Movements in the provision recognized in the statement of financial position are as follows:

	2025	2024
	BD	BD
Provision as at 01 January	-	9,086
Employees' end of service benefit paid	-	(9,086)
Provision as at 31 December	-	-

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

9 Accounts Payable	2025	2024
	<i>BD</i>	<i>BD</i>
Seminars and conferences payable	<u>32,590</u>	<u>345,590</u>
	<u>32,590</u>	<u>345,590</u>
<p>As of 31 December 2025, the accounts payable balance amounted to BD 32,590 relates to AMPP(Association fo Material Protection and Performance) Dhahran, Saudi Arabia whose total balance constituted 100% of the total outstanding balance thereof as of that date.</p>		
10 Other payables	2025	2024
	<i>BD</i>	<i>BD</i>
Payable to Project Management Association (PMA)	<u>126,896</u>	<u>129,936</u>
Conference fee received in advance	<u>40,253</u>	<u>44,873</u>
Provision for leave salary and air ticket	<u>2,304</u>	<u>2,856</u>
Provision for members recognition	-	<u>355</u>
VAT payable	-	<u>11,091</u>
Payable to other chapters	<u>2,019</u>	<u>795</u>
Accrued expenses and other payables	<u>28,692</u>	<u>13,595</u>
	<u>200,164</u>	<u>203,501</u>
<p>Amount payable to Project Management Association was transferred to the Society due to shutdown of operations of PMA.</p>		
11 Deferred Income	2025	2024
	<i>BD</i>	<i>BD</i>
As at 01 January	<u>4,830</u>	<u>6,090</u>
Amortized during the year	<u>(1,330)</u>	<u>(1,260)</u>
As at 31 December	<u>3,500</u>	<u>4,830</u>
Non current portion	<u>2,660</u>	<u>3,570</u>
Current portion	<u>840</u>	<u>1,260</u>
	<u>3,500</u>	<u>4,830</u>
<p>The fees received by the Society towards life membership fees have been classified as deferred income and are recognized in the statement of income and expenditure over a period of 10 years. That portion of the life membership fees which will get amortized within twelve months from the statement of financial position date is disclosed as current portion of deferred income.</p>		
12 Income from operations	2025	2024
	<i>BD</i>	<i>BD</i>
Conferences and seminars	<u>155,629</u>	<u>767,140</u>
Training centre income from operations - Workshop and training courses	<u>117,713</u>	<u>95,564</u>
Training centre income from operations - Tamheed project income	<u>6,000</u>	<u>16,500</u>
Membership subscriptions	<u>23,301</u>	<u>22,198</u>
Facilities rental income	<u>4,153</u>	<u>2,927</u>
	<u>306,796</u>	<u>904,329</u>
13 Cost of operations	2025	2024
	<i>BD</i>	<i>BD</i>
Conferences and seminars	<u>78,937</u>	<u>668,644</u>
Training centre cost of operations - Tamheed project expenses	<u>10</u>	<u>7,000</u>
Training centre cost of operations - Workshop and training courses	<u>82,532</u>	<u>68,913</u>
	<u>161,479</u>	<u>744,557</u>

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

14 Other income	2025	2024
	BD	BD
Interest on fixed deposits	86,144	90,298
General activities	12,214	8,555
Miscellaneous Income	4,569	-
	102,927	98,853
15 General and administrative expenses	2025	2024
	BD	BD
Staff cost	104,328	106,639
Utilities expenses	10,649	11,487
Scholarship for students	6,024	11,328
General activities expenses	13,844	10,871
HQ administration expenses	5,614	8,245
Repairs and maintenance	3,500	6,898
Gulf Engineering Union expenses	3,792	6,580
Federation of Arab Engineers expenses	4,228	4,392
BSE awards and graduation project expenses	1,040	3,534
Miscellaneous expenses	6,927	3,264
Communication	1,995	2,965
WEFO expenses	1,387	1,320
Bank charges	690	1,211
Professional expenses	950	900
Magazines and Journal expenses	-	492
	164,968	180,126

16 Member's fund

(i) General fund

General fund represents the accumulated surplus of income over expenditure.

(ii) Financial assistance and support fund

An amount equivalent to 1% of the Society's excess of income over expenditure for the year needs to be transferred to the financial assistance and support fund. The balance available in this fund is to be used in case of winding up or liquidation. During the year BD 39 (2024: BD Nil) was transferred to financial assistance and support fund. This is subject to approval of members in the Annual General Meeting.

(iii) Member's fund

An amount equivalent to 1% of the Society's excess of income over expenditure for the year needs to be transferred to the Member's fund. The balance available in this fund is to be used in case of winding up or liquidation. During the year BD 39 (2024: BD Nil) was transferred to financial assistance and support fund. This is subject to approval of members in the Annual General Meeting.

(iv) Revaluation reserve

The revaluation reserve represents revaluation surplus on revaluation of freehold land and is a non-distributable reserve.

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

17 Financial Instruments and risk management

(i) The table below sets out the Society's classification of each class of financial assets and financial liabilities:

	2025 <i>BD</i>	2024 <i>BD</i>
Financial Assets at amortized cost		
Accounts and other receivables (excluding prepayments)	97,941	388,697
Cash & bank balances (includes term deposits maturing at more than 3 months)	1,870,616	1,868,823
	<u>1,968,557</u>	<u>2,257,520</u>
Financial Liabilities at amortized cost		
Accounts payable	32,590	345,590
Other Payables (excluding statutory liabilities)	197,860	189,554
	<u>230,450</u>	<u>535,144</u>

(ii) Financial risk factors

The main risks arising from the Society's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The risk management policies employed by the Society to manage these risks are discussed below:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Society's income and operating cash flows are substantially independent of changes in market interest rates as the Society has no significant interest-bearing assets and liabilities

(b) Foreign Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Society's measurement currency. The Society does not have any significant currency risk as the Society's transactions are in Bahraini Dinars.

(c) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available, to meet any future commitments.

The following are the contractual maturities of the Society's undiscounted financial liabilities:

2025	Carrying amount	Less than 12 months
	<i>BD</i>	<i>BD</i>
Accounts payable	32,590	32,590
Other Payables (excluding statutory liabilities)	197,860	197,860
	<u>230,450</u>	<u>230,450</u>
2024	Carrying amount	Less than 12 months
	<i>BD</i>	<i>BD</i>
Accounts payable	345,590	345,590
Other Payables (excluding statutory liabilities)	189,554	189,554
	<u>535,144</u>	<u>535,144</u>

Bahrain Society of Engineers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

17 Financial Instruments and risk management (continued)

(ii) Financial risk factors (continued)

(d) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Society. The Society is exposed to credit risk from its operating activities (accounts receivables) and deposits with banks.

The recognized financial instruments that subject the Society to credit risk consist principally of cash and cash equivalents and accounts receivable.

The management believes that the credit risk concentration attached to cash and cash equivalents is insignificant as the bank in which cash is placed, maintain an acceptable credit standing and capital base. Previously, the Society had not experienced any material losses from its cash and cash equivalents maintained with this bank.

Accounts and other receivables

Accounts receivables (gross) less bad debts amounted to BD 100,234 as of 31 December 2025. Credit period extended to various customer range from 30 to 120 days, however in certain cases, credit period may be extended beyond the above indicated range on a case-by-case basis. The management regularly monitors credit risk exposures and take steps to mitigate the likelihood of those exposures resulting in a loss. The society maintains an impairment allowance which in the opinion of the management is sufficient to meet anticipated credit losses.

The allowance for expected Credit Loss (ECL) has been assessed on a collective basis, by grouping based on days past due, as they possess shared credit risk characteristics.

Accounts receivables

2025

	Exposure <i>BD</i>	Expected credit loss %	Lifetime ECL <i>BD</i>
0 - 3 months	82,774	0%	-
More than 3 months but less than 2 years	17,460	55.733%	9,731
	<u>100,234</u>		<u>9,731</u>

2024

	Exposure <i>BD</i>	Expected credit loss %	Lifetime ECL <i>BD</i>
0 - 3 months	346,347	0%	-
More than 3 months but less than 2 years	52,292	21.263%	11,119
	<u>398,639</u>		<u>11,119</u>

18 Contingent Liabilities

As at 31 December 2025, there were no contingent liabilities arising in the ordinary course of the business, which are expected to give rise to any material loss.

19 Events after reporting period

There were no events after the reporting period, which have a bearing on the understanding of the financial statements.

20 Rounding off of figures

All figures have been rounded off to the nearest Bahraini Dinar.

21 Comparative figures

Comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform with the current year.