

**UNEMPLOYMENT FUND  
FINANCIAL STATEMENTS  
31 DECEMBER 2020**

# **UNEMPLOYMENT FUND**

## **FINANCIAL STATEMENTS**

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**For the year ended 31 December 2020**

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## Independent auditors' report

**Board of Directors**  
**Social Insurance Organization**  
**Manama, Kingdom of Bahrain**

### Opinion

We have audited the financial statements of The Unemployment Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2020, the statements of changes in net assets, 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 Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (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 Fund in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – Reporting entity

We draw attention to note 1 to the financial statements, which describes that these financial statements reflect the statements of financial position, changes in net assets and cash flows of the Unemployment Fund managed by the Social Insurance Organization and exclude pension funds and social security related activities managed by the Social Insurance Organization. Our opinion is not modified in respect of this matter.

### Responsibilities of Board of Directors for the Financial Statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the board of directors 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 board of directors is responsible for assessing the Fund'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 board of directors either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the Board of Directors' 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 Fund'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 Fund 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 board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



KPMG Fakhro  
Partner Registration Number 83  
22 November 2022

**UNEMPLOYMENT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**At 31 December 2020**

		<b>31 December 2020 BD '000</b>	<b>31 December 2019 BD '000</b>	<b>1 January 2019 BD '000</b>
	<i>Note</i>			
<b>ASSETS</b>				
Bank balances and deposits	9	67,183	149,437	303,207
Contributions receivable	10	49,802	29,601	31,517
Investment securities	11	339,093	433,595	397,939
Investment properties	12	10,961	9,499	5,334
Other receivables	13	50,768	66,370	45,609
<b>TOTAL ASSETS</b>		<b>517,807</b>	<b>688,502</b>	<b>783,606</b>
<b>LIABILITY</b>				
Actuarial benefit liabilities	14	9,093	5,027	2,347
Other liabilities		34	28	141
<b>TOTAL LIABILITY</b>		<b>9,127</b>	<b>5,055</b>	<b>2,488</b>
<b>NET ASSETS</b>		<b>508,680</b>	<b>683,447</b>	<b>781,118</b>

*The financial statements were approved by the Board of Directors on 18 October 2022 and signed on its behalf by:*



**Mahmood Hashim AlKooheji**  
*Chairman*



**Eman Mustafa Al Murbati**  
*Chief Executive Officer*

The accompanying notes from 1 to 31 are an integral part of these financial statements.

**UNEMPLOYMENT FUND****STATEMENT OF CHANGES IN NET ASSETS**

For the year ended 31 December 2020

		2020	2019
	Note	BD '000	BD '000
<b>Contributions and benefits</b>			
Contributions	15	78,611	79,723
Benefits paid and movement in actuarial benefit liabilities	16	(26,799)	(17,317)
Impairment losses on contributions receivable	10	(767)	(1,991)
<b>Excess of contributions over benefits</b>		<b>51,045</b>	<b>60,415</b>
<b>Investment income</b>	17	28,785	72,484
<b>Management fees</b>	21	(733)	(570)
		<b>79,097</b>	<b>132,329</b>
Transfer to Government of Kingdom of Bahrain	29	(253,864)	(230,000)
<b>NET CHANGE IN NET ASSETS</b>		<b>(174,767)</b>	<b>(97,671)</b>
Net assets at 1 January		683,447	781,118
<b>NET ASSETS AT 31 DECEMBER</b>		<b>508,680</b>	<b>683,447</b>



**Mahmood Hashim AlKooheji**  
Chairman



**Eman Mustafa Al Murbati**  
Chief Executive Officer

The accompanying notes from 1 to 31 are an integral part of these financial statements.

**UNEMPLOYMENT FUND**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2020

	Note	2020 BD '000	2019 BD '000
<b>OPERATING ACTIVITIES</b>			
<b>Change in net assets</b>		<b>(174,767)</b>	<b>(97,671)</b>
Adjustments for:			
Impairment charge on contributions receivable	10	767	1,991
Net change in fair value of investment securities	18	(16,415)	(54,703)
Dividend income	18	(4,205)	(5,055)
Interest income	19	(5,697)	(10,885)
Movement in actuarial benefit liabilities	16	4,066	2,680
Income from investment properties	20	(281)	7
Additions to work in progress	12	609	4,165
<b>Change in net assets before working capital changes</b>		<b>(195,923)</b>	<b>(159,471)</b>
Contributions receivable		(20,201)	1,916
Other receivables		15,602	(20,761)
Other liabilities		6	(113)
<b>Net cashflows used in operating activities</b>		<b>(200,516)</b>	<b>(178,429)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investment securities	11	(89,837)	(45,676)
Additions to investment properties		(609)	(4,165)
Proceeds from sale of investment securities		314,032	170,601
Dividends received		4,205	5,055
Net receipt of deposits		226,556	211,757
Interest received		7,131	19,426
Income received from investment properties		161	7,191
<b>Net cash from investing activities</b>		<b>461,639</b>	<b>364,189</b>
<b>FINANCING ACTIVITY</b>			
Transfer to Government of Kingdom of Bahrain	29	(253,864)	(230,000)
<b>Net cash used in financing activity</b>		<b>(253,864)</b>	<b>(230,000)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>7,259</b>	<b>(44,240)</b>
Cash and cash equivalents at 1 January		6,663	50,903
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	9	<b>13,922</b>	<b>6,663</b>

The accompanying notes from 1 to 31 are an integral part of these financial statements.