

Unemployment Fund

**INDEPENDENT AUDITORS' REPORT
And FINANCIAL STATEMENTS
31 DECEMBER 2023**

Unemployment Fund

FINANCIAL STATEMENTS

For the year ended 31 December 2023

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Independent auditors' report

To the Board of Directors of

*Social Insurance Organization
Manama, Kingdom of Bahrain*

Opinion

We have audited the accompanying financial statements of The Unemployment Fund (the "Fund"), which comprise the statement of net assets as at 31 December 2023, the statements of changes in net assets, and cash flows for the year then ended, and notes, comprising material 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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.

Other Matter – Previous year audit

The financial statements of the Fund as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion on these financial statements dated 11 December 2023.

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 Accounting standards, 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.



INDEPENDENT AUDITORS' REPORT (continued)
The Unemployment Fund

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 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
Auditor Registration Number 83
30 May 2024

Unemployment Fund

STATEMENT OF NET ASSETS

At 31 December 2023

		<i>31 December</i> 2023	<i>31 December</i> 2022
	<i>Note</i>	BD '000	BD '000
ASSETS			
Bank balances and term deposits	7	72,866	79,509
Contributions receivable	8	56,474	50,876
Investment securities	9	474,241	439,385
Investment properties	10	7,550	9,112
Other receivables	11	3,856	22,318
TOTAL ASSETS		614,987	601,200
LIABILITIES			
Liabilities for unemployment benefits	12	13,420	13,043
Other liabilities	13	138,404	538
TOTAL LIABILITIES		151,824	13,581
NET ASSETS		463,163	587,619



Rasheed Mohamed Al Maraj
Chairman



Eman Mustafa Al Murbati
Chief Executive Officer

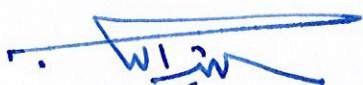
The accompanying notes from 1 to 29 are an integral part of these financial statements.

Unemployment Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2023

	Note	2023 BD '000	2022 BD '000
Contributions	14	89,002	82,202
Benefits paid	15	(34,588)	(30,940)
Excess of contributions over benefits		54,414	51,262
Impairment charge on contributions receivable	8.1	(713)	(2,840)
		53,701	48,422
Net investment income	16	22,690	434
Management fees	20	(847)	(833)
Results of operations		75,544	48,023
Transfer to the Government of Kingdom of Bahrain	28	(200,000)	-
NET CHANGE IN NET ASSETS		(124,456)	48,023
Net assets at 1 January		587,619	539,596
NET ASSETS AT 31 DECEMBER		463,163	587,619



Rasheed Mohamed Al Maraj
Chairman



Eman Mustafa Al Murbati
Chief Executive Officer

The accompanying notes from 1 to 29 are an integral part of these financial statements.

Unemployment Fund

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 BD '000	2022 BD '000
OPERATING ACTIVITIES			
Net change in net assets		(124,456)	48,023
<i>Adjustments for:</i>			
Movement in actuarial liability	12	377	372
Impairment charge on contributions receivable	8.1	713	2,840
Net change in fair value of investment securities	17	(5,192)	9,582
Dividend income	17	(4,354)	(3,655)
Interest income	18	(13,745)	(5,577)
Net income from investment properties	19	(357)	(309)
Net change in fair value of investment properties	16	1,072	1,600
Net change in net assets before working capital changes		(145,942)	52,876
Contributions receivable		(6,311)	2,780
Other receivables		18,350	12,600
Other liabilities		137,866	(184)
Net cash flows from operating activities		3,963	68,072
INVESTING ACTIVITIES			
Purchase of investment securities	9	(428,100)	(252,586)
Disposal of investment securities	9	398,436	175,294
Disposal of investment properties	10	541	119
Dividends received		4,354	3,655
Net receipt of deposits with original maturity of more than three months		26,325	(50,056)
Interest received		13,704	5,118
Net income received from investment properties		459	159
Net cash flows from/ (used in) investing activities		15,719	(118,297)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		19,682	(50,225)
Cash and cash equivalents at 1 January		15,382	65,607
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	7	35,064	15,382

The accompanying notes from 1 to 29 are an integral part of these financial statements.