

## 1.6 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 1.7 Foreign currencies

Foreign currency transactions are translated at the spot rates ruling on the dates of the transactions. The related monetary assets and liabilities at year end are translated at the spot rates ruling at the balance sheet date, and foreign exchange gains or losses on unsettled transactions are recognised in the results for the period.

## 1.8 Contingencies and commitments

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events and principally consist of third party obligations underwritten by the Bank. Items are classified as commitments where the Group commits itself to future transactions that will normally result in the acquisition of an asset.

## 1.9 Taxation

Current taxation comprises taxation payable on the computed taxable income, using the tax rates enacted at the balance sheet date, and any adjustment of taxation payable for previous years. Provision for deferred taxation is made for the taxation effects of all temporary differences using the comprehensive basis.

Deferred taxation is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and is charged to the income statement.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 1.10 Revenue recognition

### 1.10.1 Income from Islamic activities

Income from Islamic activities comprises of:

- profits attributable to the purchase and sale of moveable and immoveable property, commodities, manufacturing materials and finished products. The profit is recognised over the period of each transaction either on the straight line or reducing balance basis, depending on the nature of the transaction; and
- income for services rendered is recognised when earned.

### 1.10.2 Non-Islamic income

The company does not, as a policy, engage in any activities that involves usury. However, any non-Islamic income earned by the company, due to circumstances beyond its control, is apportioned to the welfare and charitable fund.

### 1.10.3 Dividends

Dividends are recognised when the right to receive payment is received.

## 1.11 Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise short term negotiable securities, and cash and short term funds.

