SHUAA CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

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Independent auditor's report to the shareholders of SHUAA Capital Saudi Arabia

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SHUAA Capital Saudi Arabia (the "Company") as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Material uncertainty relating to going concern

We draw attention to Note 1 to the accompanying financial statements, which indicates that, for the year ended December 31, 2023, the Company incurred a net loss of Saudi Riyals 23.359 million and as at December 31, 2023 the Company had accumulated losses amounting to Saudi Riyals 31.778 million, constituting 64% of the issued share capital of the Company. In addition, for the year ended December 31, 2023, the Company was unable to generate revenues from operations. The Company is dependent upon financial support from the Parent Company and the expected recovery from certain litigation to continue the Company's operations without a significant curtailment. Further, as required by the Regulations for Companies, the Company has not as yet convened an extraordinary general assembly meeting to consider the continuation of the Company, since the accumulated losses of the Company at December 31, 2023 exceed half its issued capital at that date. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Independent auditor's report to the shareholders of SHUAA Capital Saudi Arabia (continued)

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 International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-Laws, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors is responsible for overseeing the Company's financial reporting process.

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 International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, 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 International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment 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 Company's internal control.

- 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 Company'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 Company 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.

Independent auditor's report to the shareholders of SHUAA Capital Saudi Arabia (continued)

Report on other legal and regulatory requirements

The Regulations for Companies require that the auditor includes in its report what might come to its attention with respect to non-compliance of the Regulations for Companies or the Company's By-Laws. During the course of our audit of the financial statements, and without having any impact on the financial statements, we became aware that the Company did not prepare and present the financial statements within the time period stipulated under the applicable article of the Regulations for Companies which is considered as a non-compliance of the Regulations for Companies.

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Ali H. Al Basri
License Number 409

29 August 2024

SHUAA CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
Statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2023	2022
Assets			
Current assets			
Cash and bank balances	3	**297,680**	589,606
Prepayments and other receivables – net	4	**12,293,111**	38,339,750
Total current assets		**12,590,791**	38,929,356
Non-current assets			
Investment held at fair value through statement of income ("FVSI")	5	**13,817,267**	14,443,555
Property and equipment – net	6	**269,082**	941,270
Total non-current assets		**14,086,349**	15,384,825
Total assets		**26,677,140**	54,314,181
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Accrued expenses and other liabilities	7	**850,959**	1,885,577
Provision for zakat and income tax	8.3	**774,403**	1,347,560
Total current liabilities		**1,625,362**	3,233,137
Non-current liability			
Employees' end of service benefits (EOSB)	9	**1,002,000**	3,706,678
Total liabilities		**2,627,362**	6,939,815
Equity			
Share capital	10	**50,000,000**	50,000,000
Statutory reserve	11	**6,376,585**	6,376,585
Re-measurement reserve on employees' EOSB		**(548,284)**	(583,311)
Accumulated losses		**(31,778,523)**	(8,418,908)
Net equity		**24,049,778**	47,374,366
Total liabilities and equity		**26,677,140**	54,314,181

The accompanying notes from 1 to 21 form an integral part of these financial statements.

SHUAA CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
Statement of income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	**For the year ended December 31, 2023**	**2022**
Operating income			
Asset management fee	14.2	**-**	5,859,359
Custody fees		**-**	180,000
Unrealised fair value loss on remeasurement of investment held at FVSI, net	5	**(626,288)**	(3,002,025)
(Loss) / gain on disposal of property and equipment		**(2,110)**	2,043
Total operating (loss) / income		**(628,398)**	3,039,377
Operating expenses			
Salaries and employee related expenses		**(4,559,457)**	(7,772,796)
Other general and administrative expenses	13	**(4,082,594)**	(2,805,024)
Finance costs	6	**(32,684)**	(59,827)
Expected credit loss on accounts receivables	4	**(13,323,170)**	-
Total operating expenses		**(21,997,905)**	(10,637,647)
Loss before zakat and income tax		**(22,626,303)**	(7,598,270)
Zakat for the current year	8.1	**(733,312)**	(1,341,518)
Net loss for the year		**(23,359,615)**	(8,939,788)

The accompanying notes from 1 to 21 form an integral part of these financial statements.

SHUAA CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
Statement of comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022
Net loss for the year		**(23,359,615)**	(8,939,788)
Other comprehensive income / (loss):			
Items that will not be reclassified subsequently to the statement of income			
- Re-measurement gain / (loss) on employees' EOSB	9.2	**35,027**	(96,036)
Other comprehensive income / (loss) for the year		**35,027**	(96,036)
Total comprehensive loss for the year		**(23,324,588)**	(9,035,824)

The accompanying notes from 1 to 21 form an integral part of these financial statements.

SHUAA CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
Statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Re-Measurement reserve on employees' EOSB	Accumulated losses	Total
Balance as at January 1, 2023		**50,000,000**	**6,376,585**	**(583,311)**	**(8,418,908)**	**47,374,366**
Net loss for the year					**(23,359,615)**	**(23,359,615)**
Other comprehensive income for the year		**-**	**-**	**35,027**	**-**	**35,027**
Total comprehensive loss for the year				**35,027**	**(23,359,615)**	**(23,324,588)**
Balance as at December 31, 2023		**50,000,000**	**6,376,585**	**(548,284)**	**(31,778,523)**	**24,049,778**
Balance as at January 1, 2022		50,000,000	6,376,585	(487,275)	2,020,880	57,910,190
Net loss for the year		-	-	-	(8,939,788)	(8,939,788)
Other comprehensive loss for the year		-	-	(96,036)	-	(96,036)
Total comprehensive loss for the year		-	-	(96,036)	(8,939,788)	(9,035,824)
Dividends	21	-	-	-	(1,500,000)	(1,500,000)
Balance as at December 31, 2022		50,000,000	6,376,585	(583,311)	(8,418,908)	47,374,366

The accompanying notes from 1 to 21 form an integral part of these financial statements.

SHUAA CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
Statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022
Cash flows from operating activities			
Loss before zakat and income tax		**(22,626,303)**	(7,598,270)
Adjustments for non-cash charges and other items			
Depreciation	6,13	**670,078**	780,899
Unrealized fair value loss on remeasurement of investment held at FVSI, net	5	**626,288**	3,002,025
Provision for employees' EOSB	9.2	**358,144**	375,223
Loss / (gain) on disposal of property and equipment		**2,110**	(2,043)
Finance costs	6	**32,684**	59,827
Expected credit loss on accounts receivables	4	**13,323,170**	-
Changes in working capital:			
Prepayments and other receivables - net		**12,723,469**	(29,013,149)
Accrued expenses and other liabilities		**(1,034,618)**	(1,435,331)
Zakat and income tax paid	8.3	**(1,306,469)**	(1,562,339)
Employees' EOSB paid	9.2	**(3,027,795)**	(125,537)
Net cash used in operating activities		**(259,242)**	(35,518,695)
Cash flows from investing activities			
Purchase of property and equipment	6	**-**	(22,188)
Proceeds from disposal of property and equipment		**-**	2,043
Net cash used in investing activities		**-**	(20,145)
Cash flows from financing activities			
Finance cost paid		**(32,684)**	(59,827)
Dividends paid	21	**-**	(1,500,000)
Net cash used in financing activities		**(32,684)**	(1,559,827)
Net changes in cash and cash equivalents		**(291,926)**	(37,098,667)
Cash and cash equivalents at the beginning of the year		**589,606**	37,688,273
Cash and cash equivalents at the end of the year	3	**297,680**	589,606
Supplemental schedule for non-cash information			
- Re-measurement gain / (loss) on employees' EOSB	9.2	**35,027**	(96,036)

The accompanying notes from 1 to 21 form an integral part of these financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

1 General

SHUAA Capital Saudi Arabia (the "Company") is a Saudi closed joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010243538 dated Muharram 21, 1429H (corresponding to January 30, 2008). The Company is licensed by the Capital Market Authority ("CMA") to conduct financial investment business services including underwriting of securities and other corporate finance activities, investment advisory services, asset and portfolio management and brokerage as per license number 07056-37, dated Safar 27, 1429H (corresponding to March 5, 2008).

The Company's registered office is located at 27th floor, Hamad Tower, King Fahad Road, P.O. Box 8181, Riyadh 11482, Kingdom of Saudi Arabia.

The Company's ownership structure is set out below:

Shareholders	Country of origin	Number of shares	December 31, 2023	December 31, 2022
SHUAA Capital PSC (Company / Ultimate controlling party)	UAE	4,980,000	**49,800,000**	49,800,000
SHUAA 1 Commercial Broker LLC	UAE	5,000	**50,000**	50,000
SHUAA 2 Commercial Broker LLC	UAE	5,000	**50,000**	50,000
SHUAA 3 Commercial Broker LLC	UAE	5,000	**50,000**	50,000
SHUAA 4 Commercial Broker LLC	UAE	5,000	**50,000**	50,000
			50,000,000	50,000,000

During the year ended December 31, 2023, the Company has incurred a net loss amounting to Saudi Riyals 23.359 million and as at 31 December 2023 the Company has accumulated losses amounting to Saudi Riyals 31.778 million, constituting 64% of the issued share capital of the Company. In addition, for the year ended December 31, 2023, the Company was unable to generate revenues from operations. These conditions indicate that a material uncertainty exists that may cast significant doubts on the Company's ability to continue as a going concern.

The Parent Company has provided the necessary financial support to continue the Company's operations. The Parent Company has also provided a letter of support to confirm its intention of continuing the Company's operations for at least a period of next 12 months from the date of the letter of support, and continue to provide adequate financial support to enable the Company to continue as a going concern.

Further, subsequent to the year ended December 31, 2023, the Commercial Court of the Kingdom of Saudi Arabia, during its session on 11/08/1445H (corresponding to 21/02/2024), issued a final ruling in favour of the Company in relation to a pending litigation amounting to SAR 40.486 million related to SHUAA Capital Saudi Arabia exit from Inma Wadi Al Hada Fund based on the exit agreement signed with Afyaa Al Hada Development and Investment Real Estate Company Limited. The court's ruling stands as final and conclusive, precluding any further recourse or appeal by the defendant. The court has requested confirmation from the CMA that Afyaa Al Hada Development and Investment Real Estate Company Limited owns units in the Fund to proceed with the auction process or to identify potential investors who might directly acquire the units. The value of the units owned by Afyaa Al Hada Development and Investment Real Estate Company Limited is significantly higher than the amount of the claim. The Company anticipates the recovery of the aforementioned claim amount within the upcoming 12 months. This recovery is expected to fulfil the Company's obligations and its operational requirements arising within the upcoming 12 months without a significant curtailment. This claim from the court ruling is also expected to be recorded as a receivable and a corresponding gain in the Company's financial statements in the financial year ended 31 December 2024 and accordingly, the accumulated losses of the Company are also expected to reduce.

Also, in order to comply with the requirements of Kingdom of Saudi Arabia Regulations for Companies which requires that, where in case the losses of a joint-stock company amount to half of the issued capital, the Board of Directors shall, within 60 days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from said date, call for an extraordinary general assembly meeting to consider the continuation of the company by taking measures necessary to resolve such losses or the dissolution of the company. Accordingly, the Board of Directors held a meeting on March 13, 2024 where the Board of Directors resolved to continue the Company by means of continuous support from the Parent Company. The Company is in the process of calling an Extraordinary General Assembly Meeting during August 2024.

Accordingly, the Board of Directors believe that it is appropriate to prepare these financial statements on a going concern basis.

These financial statements were authorized for issue by the Board of Directors of the Company on August 22, 2024.

2 Material accounting policies

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

(ii) Historic cost convention

These financial statements have been prepared:

- under the historical cost convention except for:

- fair valuation of investments held at fair value through statement of income (FVSI); an
- employees' end of service benefits (EOSB) carried at present value using projected unit credit method.

- using the accrual basis of accounting.

(iii) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company.

(iv) Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs as endorsed in Kingdom of Saudi Arabia, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. There are no significant estimates in the Company's financial statements that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next twelve-month period.

(All amounts in Saudi Riyals unless otherwise stated)

2 Material accounting policies (continued)

2.2 New standards, amendments and interpretations effective in the current year

The following standards, interpretations or amendments are effective from the beginning of the current year and are adopted by the Group, however, these do not have any significant impact on the interim condensed consolidated financial statements of the period:

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

New standards not yet effective

Accounting standard / interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	(Available for optional adoption/effective date deferred indefinitely)
New standard "IFRS 19"	IFRS 19, 'Reducing subsidiaries disclosures'	1 January 2027

2 Material accounting policies (continued)

2.3 New standards, amendments and interpretations effective in the current year (continued)

Other standards

IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

2.3 Cash and bank balances

Cash and bank balances are carried at amortised cost in the statement of financial position.

For the purpose of statement of cash flows, cash and cash equivalents include cash in hand and balances with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date.

2.4 Financial instruments

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVSI.

2.4.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company records investments on a 'settlement date' basis.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through statement of income, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an impairment charge being recognised in the statement of income when an asset is newly originated.

2.4.2 Classification and subsequent measurement of financial assets

On initial recognition, the Company classifies its debt financial assets in the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through statement of income (FVSI)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The contractual cash flow characteristics of the asset.

2 Material accounting policies (continued)

2.4 Financial instruments (continued)

2.4.2 Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

Factors considered by the Company in determining the business model for a group of assets include:

- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- and how managers are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Debt securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVSI.

SPPP: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVSI.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPP), and that are not designated at FVSI, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 2.5.3. Profit earned from these financial assets is recognised in the statement of income using the effective commission rate method.

Fair value through statement of income (FVSI): If debt instrument's cash flows do not represent solely SPPP or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI where cashflows do not represent solely SPPP, is recognised in the statement of income, within "Net gain / (loss) in investments mandatorily measured at FVSI", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are held for trading are presented separately from debt investments that are mandatorily measured at fair value through statement of income, within "Net gain / (loss) in investments designated at FVSI debt or held for trading".

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVSI, are measured at fair value through other comprehensive income (FVOCI).

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognized in statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

2 Material accounting policies (continued)

2.4 Financial instruments (continued)

2.4.2 Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

Currently bank balances and other receivables are classified as held at amortised cost. There are no debt securities classified as FVSI or FVOCI.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVSI, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of income when the Company's right to receive payments is established.

The Company classifies all investment in mutual funds as held at FVSI. A gain or loss on a mutual funds measured at FVSI is recognised in the statement of income, within "unrealised gain or loss on investments held at FVSI", in the period in which it arises. Currently investment in a mutual fund is classified as FVSI.

2.4.3 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instrument carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

(i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.

(ii) If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.

(iii) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

(iv) Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

(v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

(vi) Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

2 Material accounting policies (continued)

2.4 Financial instruments (continued)

2.4.3 Impairment of financial assets (continued)

Stage 1: (Initial recognition) 12-month expected credit losses

Stage 2: (Significant increase in credit risk since initial recognition) Lifetime expected credit losses

Stage 3: (Credit impaired assets) Lifetime expected credit losses

The financial assets of the Company that are subjected to ECL include bank balances and other receivables.

The impact of ECL on the financial assets of the Company is not material. A significant exposure of the Company is receivable from related parties which are payable on demand and expected to be settled in full during the next twelve months. The ECL is limited to the effect of discounting of the financial asset which is zero as the effective interest rate is zero. Other exposure includes placement with banks which have a sound credit rating as at the reporting date and hence, the Company considers that bank balances have low credit risk.

2.4.3.1 Stages of impairment under IFRS 9

The impairment approach of IFRS 9 provides a framework for Expected Credit Losses (ECL) where in, the assets have to be segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial asset. The three stages differ in terms of recognition of expected credit losses and the presentation of profit.

Stage 1 - Performing financial assets

Stage 1 assets are assessed based on Company's existing credit risk management standards for acceptable credit quality. Overall, the financial assets falling under this category have the following characteristics at minimum:

- Adequate capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability to fulfil its obligations.

Stage 2 - Financial assets with significant increase in credit risk

These are financial assets whose credit quality has deteriorated significantly since origination but do not have objective evidence of impairment.

Stage 3 - Credit impaired financial assets

Financial assets classified under this category have exceeded either the objective thresholds set by the Company i.e. have defaulted or have been subjectively considered as obligors which lack a capacity to repay their contractual obligations, on a timely basis.

The Company considers "Default" event when the obligor is unlikely to pay for its credit obligations in full, without recourse by the Company to the actions such as realizing security (if held).

2.4.3.2 Transfer criterions

Other receivables (other than related party balances)

- *Stage 1 to Stage 2*, If the amount is more than 30 days past due.
- *Stage 2 to Stage 3* If the amount is more than 90 days past due.

2 Material accounting policies (continued)

2.4 Financial instruments (continued)

2.4.3 Impairment of financial assets (continued)

2.4.3.3 Expected credit loss measurement

Other receivables (other than related party balances)

Staging criteria:

Staging is done in accordance with criteria mention in note 2.5.3.1 and 2.5.3.2

Significant increase in credit risk:

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The increase in the days past due of the counterparty by 30 days or more at the reporting date.

Qualitative criteria:

If the counterparty meets one or more of the following criteria:

- Extension to the terms granted
- Previous arrears within the last twelve months
- Significant adverse changes in business, financial and/or economic conditions in which the counterparty operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the counterparty

Definition of default:

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

- the borrower is unlikely to pay its credit obligations to the Company in full; or
- the borrower is past due more than 90 days on any material credit obligation to the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

2 Material accounting policies (continued)

2.4 Financial instruments (continued)

2.4.3 Impairment of financial assets (continued)

2.4.3.3 Expected credit loss measurement (continued)

Definition of default (continued)

Measurement of ECL:

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described below.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. PDs are estimated considering binomial distribution of total borrowers and total defaults. The choice of confidence level is subjective and a confidence level of below 90% is used for calculation of PD.

LGD is the magnitude of the likely loss if there is a default. As the Company has no loss history, an expert judgment-based model has been developed, based on the available information with the Company.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

2.4.4 Financial liabilities

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVSI where transactions cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income.

Subsequently, all financial liabilities other than those held at FVSI are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on settlement.

2.4.5 Fair valuation of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

2 Material accounting policies (continued)

2.4 Financial instruments (continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis using level 1 or level 2 indicators, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The Company applies the fair value of a financial instrument on initial recognition as normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2.4.6 Derecognition of financial instruments

A financial asset is derecognized, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred, and the transfer qualifies for de-recognition. In instances where the Company is assessed to have transferred a financial asset, the asset is derecognized if the Company has transferred substantially all the risks and rewards of ownership. Where the Company has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Company has not retained control of the financial asset. The Company recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

2.4.7 Offsetting of financial instruments

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

2 Material accounting policies (continued)

2.5 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the expenditure that is directly attributable to the acquisition of the items and borrowing cost (where applicable). All other repair and maintenance costs are recognized in the statement of income as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will follow to the Company and the cost of that item can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

	Years
Leasehold improvements	5
Office equipment and computer	3
Motor vehicles	4
Furniture and fixtures	5
Right of use assets	as per lease term

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property and equipment is derecognized 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 when the asset is derecognized.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices of publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income.

2.7 Accrued and other liabilities

Liabilities are recognised for amounts to be paid for goods or services received, whether or not billed to the Company.

2.8 Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

2 Material accounting policies (continued)

2.9 Employees' end of service benefits

Employees' EOSB provision is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labor Law. In accordance with the provisions of IAS 19 "Employee benefits", management carries out an exercise to assess the present value of its obligations, using the projected unit credit method. Under this method an assessment is made of the employees' expected service life with the Company and expected salary at the date of leaving the service.

The cost of providing benefits under the Company's defined benefit plans is determined using the projected unit credit method by professionally qualified actuaries and arrived at using actuarial assumptions based on market expectations at the date of statement of financial position. These valuations attribute entitlement benefits to the current period (to determine current service cost), and to the current and prior periods (to determine the present value of defined benefit obligations). Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through statement of other comprehensive income in the period in which these occur. Re-measurements recorded in other comprehensive income are not reclassified to statement of income in subsequent periods.

Past service costs are recognized in statement of income on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The defined benefit liability in the statement of financial position comprises the present value of the defined benefit obligation (using a discount rate).

2.10 Statutory reserve

As required by Regulations for Companies, 10% of the net income for the year is transferred to a statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution to the Company's shareholders.

2.11 Zakat and taxes

The Company is subject to Zakat and income tax in accordance with the regulation of the General Authority of Zakat and Tax ("ZATCA"). Zakat and income tax are charged to the statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred tax is provided in full, if material, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred income taxes arising out of such temporary differences were not significant as of December 31, 2023 and December 31, 2022.

Deferred tax relating to items recognised outside statement of income is recognised either in statement of comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company also withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2 Material accounting policies (continued)

2.12 Assets held in trust or in a fiduciary capacity

The Company offers assets management services to its customers, which include management of certain mutual funds and investments. Such assets are not treated as assets of the Company and accordingly are not included in these financial statements.

2.13 Revenue

The Company recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps the revenue recognition policies for the various revenue stream are as follow:

Asset management fees

Asset management fees are recognised based on a fixed percentage of net assets under management (“asset-based”), subject to applicable terms and conditions and service contracts with funds. The Company attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Company’s efforts to transfer the services for that period. As asset management fees are not subject to claw backs, the management does not expect any significant reversal of revenue previously recognised. This fee compensates and contributes to single performance obligation, the Company’s obligation will generally be satisfied upon the provision of such services and therefore recognized as revenue over time as the overall services are performed.

Fund's administrative fee

Fund's administrative fee is recognised based on services rendered under the applicable service contracts. This fee compensates and contributes to a single performance obligation, the Company’s obligation will generally be satisfied upon the provision of such services and therefore recognized as revenue over time as the administrative services are performed.

Debt arrangement fee

Debt arrangement fee is recognised on a fixed percentage of debt facility approved by financial institution to the funds under management of the Company. This fee compensates and contributes to a single performance obligation, the Company’s obligation will generally be satisfied upon the approval of debt facility to the mutual fund and therefore recognised as revenue at a point in time.

Custody fees

Custody fees are recognised based on a fixed percentage of net assets under management (“asset-based”), subject to applicable terms and conditions and service contracts with mutual funds. The Company provides a non-restrictive legal custodial structure in line with CMA requirements and conductive for efficient operations of the mutual funds under management, while tailored for specific requirements of fund managers on a case by case basis. As custody fees are not subject to claw backs, the management does not expect any significant reversal of revenue previously recognised.

2 Material accounting policies (continued)

2.13 Revenue (continued)

Custody fees (continued)

This fee compensates and contributes to a single performance obligation, the Company's obligation will generally be satisfied upon the provision of non-restrictive legal custodial structure and therefore recognised as revenue over time as the overall services are performed.

Placement fee

The Company recognises the revenue against professional fee on each closing date when aggregate capital commitment of mutual fund is raised by the Company.This fee compensates and contributes to single performance obligation, the Company's obligation will generally be satisfied when the aggregate capital commitment of the mutual fund is raised and therefore recognised as revenue at a point in time.

Advisory fee

Advisory fee is recognised based on services rendered under the applicable service contracts. This fee compensates and contributes to a single performance obligation, the Company's obligation will generally be satisfied upon the provision of such services and therefore recognized as revenue over time as the services are performed.

2.14 Special commission income

Special commission income is recognized on an effective commission rate basis.

The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective commission rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as impairment losses.

2.15 Expenses

All expenses are classified as general and administrative expenses.

2.16 Finance cost

Expenses from short-term borrowings are recognized on a time apportioned basis over the period of the contract based on the principal amounts outstanding and the profit rate agreed with banks.

2.17 Dividend distribution

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders of the Company.

2.18 Foreign currencies transactions and balances

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the exchange rates prevailing at the dates of the transaction. Assets and liabilities denominated in foreign currencies at the period-end are translated into Saudi Arabian Riyals at the exchange rates prevailing at the reporting date. Realized and unrealized gains or losses on exchange are credited or charged to the statement of income.

2.19 Contingent assets and liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

2 Material accounting policies (continued)

2.20 Leases

Leases are recognised as a right-of-use asset and a corresponding liability, at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liabilities are measured at amortised cost using the effective interest rate method. They are re-measured when there is a change in future lease payments arising from a change in rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are re-measured in this way, a corresponding statement of income adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of income if the carrying amount of right-of-use asset is reduced to zero.

Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represent, an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the statement of income over the lease term as part of the depreciation of those assets.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of lease liabilities.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term and low value leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment and furniture.

(All amounts in Saudi Riyals unless otherwise stated)

2 Material accounting policies (continued)

2.21 Value added tax (VAT)

The Company is subject to VAT in accordance with the regulations in the Kingdom of Saudi Arabia. Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales/services and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and a liability.

3 Cash and bank balances

	As at December 31, 2023	As at December 31, 2022
Cash at banks	**297,680**	589,606
	297,680	589,606

4 Prepayments and other receivables – net

	Note	As at December 31, 2023	As at December 31, 2022
Receivable from managed mutual funds	14.1	**10,512,903**	28,002,240
Receivable from SHUAA Capital PSC (parent company)	4.1 & 14.1	**1,335,508**	9,645,042
Account receivable		**412,500**	412,500
Prepaid expenses		**186,484**	183,502
Receivable from employees		**86,500**	108,775
VAT recoverable		**171,716**	251,687
Others		**-**	148,504
Prepayments and other receivables - gross		**12,705,611**	38,752,250
Expected credit loss (ECL)			
- Account receivables	4.2	**(412,500)**	(412,500)
Prepayments and other receivables - net		**12,293,111**	38,339,750

4.1 This relates to short-term loan receivable from SHUAA Capital PSC which is repayable on demand.

4.2 Expected credit loss of accounts receivables

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance at the beginning of the year		**(412,500)**	(412,500)
Charge for the year		**(13,323,170)**	-
Write-offs	4.3	**13,323,170**	-
Closing balance at the end of the year		**(412,500)**	(412,500)

4.3 This mainly relates to write-off of a receivable balance from Dammam Rayhaan Fund I amounting to SR 13.012 million, due to poor performance of the fund resulting in a negative NAV of the Fund.

5 Investment held at fair value through statement of income (FVSI)

During 2016, the Company invested SR 16.5 million in Al Inma Wadi Al Hada Fund (previously: SHUAA Wadi Al Hada Fund), a closed ended real estate fund. Details of investment are as follows:

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Investment held at FVSI			
Investment in Al Inma Wadi Al-Hada Fund			
Opening “carrying value”		**14,443,555**	17,445,580
Unrealised fair value loss on remeasurement for the year		**(626,288)**	-3,002,025
Closing “carrying value”	14	**13,817,267**	14,443,555

(All amounts in Saudi Riyals unless otherwise stated)

6 Property and equipment, net

	Leasehold improvements	Motor vehicles	Furniture and office equipment	Right of use assets	Total 2023
Cost					
As at January 1, 2023	**1,025,494**	**298,270**	**5,148,105**	**1,377,844**	**7,849,713**
Disposal	**-**	**-**	**(10,849)**	**-**	**(10,849)**
As at December 31, 2023	**1,025,494**	**298,270**	**5,137,256**	**1,377,844**	**7,838,864**
Accumulated depreciation					
As at January 1, 2023	**871,670**	**298,269**	**5,060,655**	**677,849**	**6,908,443**
Disposal	**-**	**-**	**(8,740)**	**-**	**(8,740)**
Charge for the year	**153,824**	**-**	**68,818**	**447,436**	**670,078**
As at December 31, 2023	**1,025,494**	**298,269**	**5,120,734**	**1,125,285**	**7,569,782**
Net book value					
As at December 31, 2023	**-**	**1**	**16,522**	**252,559**	**269,082**

	Leasehold improvements	Motor vehicles	Furniture and office equipment	Rights of use assets	Total 2022
Cost					
As at January 1, 2022	1,025,494	298,270	5,144,917	1,377,844	7,846,525
Additions	-	-	22,188	-	22,188
Disposal	-	-	(19,000)	-	(19,000)
As at December 31, 2022	1,025,494	298,270	5,148,105	1,377,844	7,849,713
Accumulated depreciation					
As at January 1, 2022	666,571	283,815	4,992,128	204,030	6,146,544
Disposal	-	-	(19,000)	-	(19,000)
Charge for the year	205,099	14,454	87,527	473,819	780,899
As at December 31, 2022	871,670	298,269	5,060,655	677,849	6,908,443
Net book value					
As at December 31, 2022	153,824	1	87,450	699,995	941,270

(All amounts in Saudi Riyals unless otherwise stated)

6 Property and equipment, net (continued)

The statement of income includes the following amounts related to leases:

	Note	As at December 31, 2023	As at December 31, 2022
Depreciation charge of right of use assets		**447,436**	473,819
Interest expense on lease liabilities (included in finance cost)		**32,684**	59,827

7 Accrued expenses and other liabilities

	Note	As at December 31, 2023	As at December 31, 2022
Accrued expenses	7.1	**822,569**	1,415,792
Payable to suppliers and employees		**28,390**	469,785
		850,959	1,885,577

7.1 Accrued expenses

	Note	As at December 31, 2023	As at December 31, 2022
Independent directors' fees	14.2	**450,000**	450,000
Professional fees		**353,800**	388,500
Lease liabilities	7.2	**-**	462,400
VAT liability		**-**	83,279
Other		**18,769**	31,613
		822,569	1,415,792

7.2 The movement in lease liability is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Opening lease liability	**462,400**	905,573
Additions during the year	**32,684**	59,827
Lease liability payments	**(503,000)**	(503,000)
(Prepayment) / Ending lease liability	**(7,916)**	462,400

8 Provision for zakat and income tax

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Zakat charge for the current year	8.3	**733,312**	1,341,518
Income tax charge for the current year	8.2	**-**	-
		733,312	1,341,518

(All amounts in Saudi Riyals unless otherwise stated)

8 Provision for zakat and income tax (continued)

8.1 Zakat

The significant components of the Company's approximate zakat base for the year ended December 31, which are subject to adjustments under income tax and zakat regulations, principally comprised the following:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Shareholders' equity at beginning of the year	**56,376,585**	**56,897,465**
Provisions at beginning of the year	**1,091,383**	**3,653,962**
Other adjustments	**25,000**	**668,535**
Property and equipment, as adjusted	**(269,082)**	**(941,270)**
Accumulated losses	**(8,418,908)**	-
Re-measurement reserve on employees' EOSB	**(583,311)**	**(487,275)**
Estimated zakat base	**48,221,667**	**59,791,417**
GCC shareholders' share of estimated zakat base at 96.4543%	**46,511,871**	**57,671,393**
Adjusted net loss for the year	**(19,309,340)**	**(5,765,456)**
GCC shareholders' share of adjusted net loss at 96.4543%	**(18,624,689)**	**(5,561,030)**
Estimated zakat liability - attributable to GCC shareholders	**733,312**	**1,341,518**

Zakat is calculated at 2.578% of higher of the estimated zakat base or 2.5% of adjusted net income attributable to GCC shareholders.

8.2 Income tax

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net loss before zakat and income tax	**(22,827,765)**	(7,598,270)
Temporary differences:		
Depreciation, net	**(137,598)**	374,443
Employee termination benefits, net	**(2,669,651)**	375,223
Others, net	**3,224,022**	25,731
Adjusted net loss	**(22,410,992)**	(6,822,873)
Share of non-GCC shareholders in adjusted net loss at 3.5457%	**(796,961)**	(241,919)
Less: Non-GCC share of provisions utlitised during the year	**-**	(4,451)
Share of non-GCC shareholders in adjusted net loss	**(796,961)**	(246,370)
Estimated income tax liability - attributable to non-GCC shareholders at 20%	**-**	-

Income tax is calculated at 20% of the adjusted net income attributable to the non-GCC shareholders.

8.3 Movement in provision for zakat and income tax

	For the year ended December 31, 2023	For the year ended December 31, 2022
January 1	**1,347,560**	1,568,381
Provision for the current year	**733,312**	1,341,518
Payments	**(1,306,469)**	(1,562,339)
December 31	**774,403**	1,347,560

8.4 Status of assessments

The Company has filed its zakat and income tax returns up to and for the year ended December 31, 2022 and December 31, 2023 which are still under review by ZATCA.

(All amounts in Saudi Riyals unless otherwise stated)

9 Employees' end of service benefits (EOSB)

The Company operates an employees' EOSB plan for its employees based on the prevailing Company's internal policy. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

9.1 The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

	Note	As at December 31, 2023	As at December 31, 2022
Present value of defined benefit obligation	9.2	**1,002,000**	3,706,678
Fair value of plan assets		**-**	-
		1,002,000	3,706,678

9.2 Movement of defined benefit obligation

	For the year ended December 31, 2023	For the year ended December 31, 2022
Opening balance	**3,706,678**	3,360,956
Charge to statement of income - current service and interest cost	**358,144**	375,223
Charge to statement of comprehensive income - experience adjustments and changes in financial assumptions	**(35,027)**	96,036
Payment of benefits during the year	**(3,027,795)**	(125,537)
Closing balance	**1,002,000**	3,706,678

9.3 Reconciliation of present value of defined benefit obligation

	For the year ended December 31, 2023	For the year ended December 31, 2022
Present value of defined benefit obligation as at January 1	**3,706,678**	**3,360,956**
Current service costs	**259,468**	**309,260**
Finance costs	**98,676**	**65,963**
	358,144	**375,223**
Remeasurement loss from experience adjustments	**(26,174)**	197,100
Remeasurement gain from changes in demographic assumptions	**(8,853)**	(101,064)
	(35,027)	96,036
Payment of benefits during the year	**(3,027,795)**	(125,537)
Present value of defined benefit obligation as at December 31	**1,002,000**	3,706,678

9.4 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of post-employment benefit liability:

	December 31, 2023	December 31, 2022
Valuation discount rate	**4.50%**	4.50%
Expected rate of increase in salary level across different age bands	**4.50%**	4.50%

(All amounts in Saudi Riyals unless otherwise stated)

9 Employees' end of service benefits (EOSB) (continued)

9.5 A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is shown below:

	As at December 31, 2023	As at December 31, 2022
Discount rate		
1% increase	**(43,905)**	(9,041)
1% decrease	**47,633**	305,285
Future salary increases		
1% increase	**37,218**	286,385
1% decrease	**(35,059)**	3,984

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of reporting period.

9.6 As at December 31, 2023, the expected cash flows over the next years valued on an undiscounted basis are shown in the table below:

	As at December 31, 2023	As at December 31, 2022
1 year	**194,479**	2,360,763
2 to 4 years	**434,444**	303,839
5 years and above	**624,090**	1,545,542
	1,253,013	4,210,144

10 Share capital

As at December 31, 2023, the issued and fully paid-up share capital of the Company was Saudi Riyals 50 million divided into 5 million shares (December 31, 2022: 5 million shares) with a nominal value of Saudi Riyals 10 each.

The shareholding of the Company's paid-up share capital is as follows:

Shareholders	Country of origin	Holding	No. of shares	Amount
SHUAA Capital PSC (Ultimate controlling party)	UAE	**99.6%**	**4,980,000**	**49,800,000**
SHUAA 1 Commercial Broker LLC.	UAE	**0.1%**	**5,000**	**50,000**
SHUAA 2 Commercial Broker LLC.	UAE	**0.1%**	**5,000**	**50,000**
SHUAA 3 Commercial Broker LLC.	UAE	**0.1%**	**5,000**	**50,000**
SHUAA 4 Commercial Broker LLC.	UAE	**0.1%**	**5,000**	**50,000**
		100%	**50,000,000**	**50,000,000**

No change in shareholding occurred during the year.

11 Statutory reserve

In accordance with the previous Company's By-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company was required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve was not available for distribution to shareholders.

As of 31 December 2023, the new Companies Law - Article 177 removes the minimum statutory reserve requirement (30%) and instead gives the Company option to create reserves as they may require. Accordingly the Company has amended its By-laws.

12 Contingencies and commitments

As of December 31, 2023, the Company is subject to litigations in the normal course of its business. Based on legal advice, the Company is confident of a favourable outcome and accordingly, no provision has been made in these financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

13 Other general and administrative expenses

	Note	For the year ended December 31, 2023	2022
Professional fees		**2,222,052**	841,760
Depreciation	6	**670,078**	780,899
Independent directors' fees	14.2	**425,000**	450,000
Regulatory fee		**357,013**	298,247
Office charges		**218,030**	59,531
Maintenance and support		**151,673**	182,342
Communication		**22,326**	97,674
Travel		**4,590**	17,935
Others		**11,832**	76,636
		4,082,594	2,805,024

14 Related party matters

In the ordinary course of business, the Company transacts with its related parties. The principal related parties of the Company are SHUAA Capital PSC (ultimate controlling party) and mutual funds managed by the Company. The details of transactions during the year ended December 31, 2023 and balances as at December 31, 2023 resulting from such transactions are as follows:

14.1 Balances with related parties

	Note	As at December 31, 2023	As at December 31, 2022
Investment in Al Inma Wadi Al Hada Fund	5	**13,817,267**	14,443,555
Receivable from related parties			
SHUAA Capital PSC (Parent Company)	4 & (a)	**1,335,508**	9,645,042
Dammam Rayhaan Fund I (Affiliate)	(b)	**9,011,699**	22,006,051
Al Inma Wadi Al Hada Fund (Affiliate)	(b)	**1,501,204**	5,996,189
	4	**10,512,903**	28,002,240
		11,848,411	37,647,282

(a) This relates to short-term loan receivable from SHUAA Capital PSC which is repayable on demand.

(b) These represent receivable for expenses incurred and paid on behalf of the mutual funds managed by the Company.

14.2 Transactions with related parties

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarized below:

	Note	For the year ended December 31, 2023	2022
Transactions with managed funds			
Asset management fee		**-**	5,859,359
Transactions with key management personnel		**425,000**	450,000
Independent directors' fee	13	**938,942**	3,426,496
Key management compensation		**46,784**	330,088
• Short term benefits		**838,760**	2,867,672
• Long term benefits		**53,398**	228,736
• Employees' EOSB		**-**	5,859,359

15 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value commission rate risk and price risk), credit risk, liquidity risk and operational risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial instruments carried on the statement of financial position include cash and bank balances, other receivables, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are offset and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

15.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

a) Currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and US Dollars. Management monitors the exposures and fluctuations in foreign exchange rates and believes that the foreign exchange risk is not significant as the Saudi Riyal is pegged to US Dollars.

b) Cash flow and fair value Commission rate risk

Cash flow and fair value commission rate risks is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company’s financial positions and cash flows. The Company is not exposed to any long term or short-term credit facilities, borrowings or deposits and the management believes that the commission rate risk is not significant. The amounts receivable from the Parent Company and the mutual funds are interest free.

c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Exposure

The Company is exposed to market risk with respect to its investment in a mutual fund.

Sensitivity

Management’s best estimate of the effect on statement of income for a year due to a reasonably possible change in NAV, with all other variables held constant is indicated in the table below. There is no effect on OCI as the Company has no assets classified as FVOCI. An equivalent decrease shown below would have resulted in an equivalent, but opposite, impact.

		Effect on income statement for the years ended December 31,	
Variable	**Change in NAV%**	**2023**	**2022**
Net Asset Value (NAV)	±5	**± 2,164,567**	±722,178
	±10	**± 4,329,134**	±1,444,356

(All amounts in Saudi Riyals unless otherwise stated)

15 Financial risk management (continued)

15.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Exposure

For the Company, the financial assets which are potentially subject to credit risk consist principally of balances with bank, other receivables and investment in mutual fund. The Company's maximum exposure to credit risk without taking into account any collateral held or any credit enhancements is Saudi Riyals 27.74 million (2022: Saudi Riyals 53.35 million).

Cash is placed with a local bank having sound credit ratings ranging between BBB to A. Other receivables include SR 1.34 million (SR 9.645 million) from the Parent Company, which has sound credit worthiness.

	December 31, 2023	December 31, 2022
Cash and bank balances	**297,680**	589,606
Investment held at fair value through statement of income ("FVSI")	**13,817,267**	14,443,555
Other receivables	**14,604,584**	38,317,061
	28,719,531	53,350,222

15.2.1 Credit risk measurement

The assessment of credit risk of a financial assets carried at amortised cost (cash and bank balances and other receivables) requires further estimations of credit risk using Expected Credit Loss (ECL) which is derived by Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The impact of ECL on the financial assets of the Company is not material. A significant exposure of the Company is receivable from related parties which are payable on demand and expected to be settled in full in the next twelve months. Other exposure includes placement with a bank which has a sound credit rating as at the reporting date. Hence, currently the Company is not exposed to any significant credit risk against its receivables and bank balances.

Loss allowance on other receivables

	December 31, 2023			
	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Carrying amount	**5,281,412**	**-**	**9,424,199**	**14,705,611**
Expected credit loss	**-**	**-**	**(2,412,500)**	**(2,412,500)**
	5,281,412	**-**	**7,011,699**	**12,293,111**

Loss allowance on other receivables

	December 31, 2022			
	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Carrying amount	37,904,561	-	412,500	38,317,061
Expected credit loss	-	-	(412,500)	(412,500)
	37,904,561	-	-	37,904,561

(All amounts in Saudi Riyals unless otherwise stated)

15 Financial risk management (continued)

15.2 Credit risk (continued)

15.2.2 Credit quality analysis

The following table sets out the credit analysis for financial assets as at December 31, 2023.

	Investment grade	Non-investment grade	Unrated	Total
Financial assets				
Cash and bank balances	**297,680**	**-**	**-**	**297,680**
Investment held at fair value through statement of income ("FVSI")	**13,817,267**	**-**	**-**	**13,817,267**
Other receivables	**13,848,411**	**-**	**670716**	**14,519,127**
Total	**27,963,358**	**-**	**670,716**	**28,634,074**

The following table sets out the credit analysis for financial assets as at December 31, 2022.

	Investment grade	Non-investment grade	Unrated	Total
Financial assets				
Cash and bank balances	589,606	-	-	589,606
Investment held at fair value through statement of income ("FVSI")	14,443,555	-	-	14,443,555
Other receivables	37,647,282	-	669,779	38,317,061
Total	52,680,443	-	669,779	53,350,222

15.3 Liquidity risk

Liquidity 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 an amount 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 Company's liquidity management process is as follows:

a Day-to-day funding, managed by Finance department to ensure that requirements can be met, and this includes replenishment of funds as they mature or are invested,

b Monitoring balance sheet liquidity ratios against internal and regulatory requirements

c Managing the concentration and profile of debt maturities

d Liquidity management and asset and liability mismatching.

The following analyses the Company's financial liabilities based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Balances are equal to their carrying balances as most of them are due for repayments within 1 year hence the impact of discounting is not significant.

	Due within 1 year	Due after 1 year	Total
December 31, 2023			
Accrued expenses and other liabilities	**850,959**	**-**	**850,959**
Total	**850,959**	**-**	**850,959**
December 31, 2022			
Accrued expenses and other liabilities	1,802,298	-	1,802,298
Total	1,802,298	-	1,802,298

(All amounts in Saudi Riyals unless otherwise stated)

15 Financial risk management (continued)

15.3 Liquidity risk (continued)

The table below summarizes the maturity profile of significant financial assets and liabilities of the Company based on expected maturities. The table below is based on discounted values. There is no significant impact of undiscounted cash flows of liabilities:

	2023			
	No fixed maturity	**Less than 1 year**	**More than 1 year**	**Total**
Assets				
Cash and bank balances	**297,680**	**-**	**-**	**297,680**
Other receivables – net	**-**	**12,293,111**	**-**	**12,293,111**
Investment held at fair value through statement of income (“FVSI”)	**-**	**13,817,267**	**-**	**13,817,267**
Total assets	**297,680**	**26,110,378**	**-**	**26,408,058**
Liabilities				
Accrued expenses and other liabilities	**-**	**850,959**	**-**	**850,959**
Total liabilities	**-**	**850,959**	**-**	**850,959**
Maturity gap	**297,680**	**25,259,419**	**-**	**25,557,099**
Cumulative maturity gap	**297,680**	**25,557,099**	**25,557,099**	**51,114,198**

	2022			
	No fixed maturity	**Less than 1 year**	**More than 1 year**	**Total**
Assets				
Cash and bank balances	589,606	-	-	589,606
Other receivables – net	-	37,904,561	-	37,904,561
Investment held at fair value through statement of income (“FVSI”)	-	14,443,555	-	14,443,555
Total assets	589,606	52,348,116	-	52,937,722
Liabilities				
Accrued expenses and other liabilities	-	1,802,298	-	1,802,298
Total liabilities	-	1,802,298	-	1,802,298
Maturity gap	589,606	50,545,818	-	51,135,424
Cumulative maturity gap	589,606	51,135,424	51,135,424	51,135,424

15 Financial risk management (continued)

15.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service providers and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the Company's resources by protecting the assets of the Company and minimising the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. The management of operational risk has a key objective of minimising the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

16 Capital risk management

The objective of managing capital is to safeguard the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensuration with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth. As at 31 December 2023, the Company was in compliance with externally imposed capital restrictions.

17 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices / Net Asset Value or dealer quotes for similar instruments;

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(All amounts in Saudi Riyals unless otherwise stated)

17 Fair value estimation (continued)

Accounting classifications and fair values	Carrying value	Fair values			
		Level 1	Level 2	Level 3	Total
December 31, 2023					
Financial assets					
Financial assets measured at fair value					
Investments held at FVSI	**13,817,267**	-	-	**13,817,267**	**13,817,267**
Financial assets not measured at fair value					
Financial assets held at amortised cost					
Cash and bank balances	**297,680**	-	-	**297,680**	**297,680**
Other receivables	**12,293,111**	-	-	**12,293,111**	**12,293,111**
	26,408,058	-	-	**26,408,058**	**26,408,058**
Financial liabilities					
Financial liabilities not measured at fair value					
Financial liabilities held at amortised cost					
Accrued expenses and other liabilities	**850,959**	-	-	**850,959**	**850,959**
	850,959	-	-	**850,959**	**850,959**

(All amounts in Saudi Riyals unless otherwise stated)

17 Fair value estimation (continued)

Accounting classifications and fair values	Carrying value	Fair values			
		Level 1	Level 2	Level 3	Total
December 31, 2022					
Financial assets					
Financial assets measured at fair value					
Investments held at FVSI	14,443,555	-	-	14,443,555	14,443,555
Financial assets not measured at fair value					
Financial assets held at amortised cost					
Cash and bank balances	589,606	-	-	589,606	589,606
Other receivables	37,904,561	-	-	37,904,561	37,904,561
	52,937,722	-	-	52,937,722	52,937,722
Financial liabilities					
Financial liabilities not measured at fair value					
Financial liabilities held at amortised cost					
Accrued expenses and other liabilities	1,802,298	-	-	1,802,298	1,802,298
	1,802,298	-	-	1,802,298	1,802,298

The assets and liabilities included in the above table that are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Accrued expenses and other liabilities represent contract amounts and obligations due by the Company.

(All amounts in Saudi Riyals unless otherwise stated)

17 Fair value estimation (continued)

17.1 Fair valuation techniques

The following tables show the valuation techniques used in measuring Level 2 fair values.

Type	Valuation techniques
Financial assets held at FVSI	Valuation is based on the NAV received from funds adjusted for fair valuation of underlying assets.
Inter-relationship between significant observable inputs and fair value measurement.	The estimated fair value would increase (decrease) if there is a change in the inputs used for valuation as discussed above.

17.2 Transfers between level 1 & 2

There have been no transfers between level 1 and level 2 during the reporting periods.

18 Financial instruments by category

All financial assets and financial liabilities for the years ended December 31, 2023, and 2022, are classified under amortised cost category except for investments held at FVSI, which are classified and measured at fair value.

	Measurement category	As at December 31, 2023	As at December 31, 2022
Financial assets			
Cash and bank balances	Amortised cost	**297,680**	589,606
Other receivables	Amortised cost	**12,293,111**	37,904,561
Investments at fair value	FVSI	**13,817,267**	14,443,555
Total financial assets		**26,408,058**	52,937,722
Financial liabilities			
Accrued expenses and other liabilities	Amortised cost	**850,959**	1,802,298
Total financial liabilities		**850,959**	1,802,298

19 Assets held under fiduciary capacity

These represent assets of mutual funds under management amounting to Saudi Riyals 604.4 million (2022: Saudi Riyals 590.4 million). Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements.

20 Subsequent events

There have been no subsequent events after the date of statement of financial position until the date of approval of these financial statements except for as disclosed in Note 1.

21 Dividend distribution

The shareholders of the Company determined not to distribute dividends for the year ended 2023 (2022: Saudi Riyals 1.5 million).