MERAK CAPITAL COMPANY
(A Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2023
together with the
INDEPENDENT AUDITOR’S REPORT

MERAK CAPITAL COMPANY
(A Closed Joint Stock Company)
Independent Auditor's Report and Financial Statements
For the year ended 31 December 2023

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KPMG Professional Services
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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report

To the Shareholders of Merak Capital Company

Opinion

We have audited the financial statements of **Merak Capital Company** ("the Company"), which comprise the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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").

Basis for Opinion

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

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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, 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, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Independent auditor's report

To the Shareholders of Merak Capital Company (continued)

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 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

KPMG Professional Services

كي . بي . إم . جي للإستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 2
KPMG
KPMG Professional Services

Fahad Mubark Al Dossari
License No:469

Riyadh: 31 March 2024
Corresponding to 21 Ramadan 1445H

MERAK CAPITAL COMPANY
(A Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Saudi Arabian Riyals)

	Note	**31 December 2023**	31 December 2022
ASSETS			
Non-current assets			
Property and equipment	*(8)*	**1,432,128**	1,578,940
Right of use assets	*(9)*	**1,438,709**	1,167,099
Investment carried at fair value through profit or loss	*(10)*	**1,271,192**	857,813
Total non-current assets		**4,142,029**	3,603,852
Current assets			
Cash and cash equivalents	*(5)*	**3,851,812**	2,497,713
Prepayments and other current assets	*(6)*	**1,309,199**	777,612
Receivables from funds under management	*(7)*	**13,509,352**	596,782
Total current assets		**18,670,363**	3,872,107
TOTAL ASSETS		**22,812,392**	7,475,959
EQUITY AND LIABILITIES			
Equity			
Share capital		**6,000,000**	6,000,000
Accumulated profit / (losses)		**3,502,802**	(817,607)
Statutory reserve		**480,045**	--
TOTAL EQUITY		**9,982,847**	5,182,393
Non-current liabilities			
Lease liability	*(9)*	**990,725**	860,940
Employee end of service benefits	*(13)*	**522,269**	259,364
Total non-current liabilities		**1,512,994**	1,120,304
Current liabilities			
Accrued expenses and other liabilities	*(11)*	**10,602,213**	650,854
Lease liability	*(9)*	**472,366**	418,692
Provision for zakat	*(12)*	**241,972**	103,716
Total current liabilities		**11,316,551**	1,173,262
Total liabilities		**12,829,545**	2,293,566
TOTAL LIABILITIES AND EQUITY		**22,812,392**	7,475,959

The accompanying notes (1) through (22) form an integral part of these financial statements.

MERAK CAPITAL COMPANY
(A Closed Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Saudi Arabian Riyals)

	Note	**31 December 2023**	31 December 2022
Revenue	*(14)*	**20,090,620**	9,344,446
Operating expenses			
General and administrative expenses	*(15)*	**(14,919,546)**	(8,662,453)
Marketing and advertising expenses		**(97,248)**	(26,270)
Unrealized gain on financial assets at FVTPL	*(10)*	**94,394**	234,158
Operating profit		**5,168,220**	889,881
Special commission expense	*(9)*	**(63,247)**	(41,500)
Profit before zakat		**5,104,973**	848,381
Zakat expense	*(12)*	**(241,972)**	(103,716)
Profit for the year		**4,863,001**	744,665
Other comprehensive income for the year			
Items that will not be classified subsequently to profit or loss			
Re-measurement loss on employees benefit liabilities	*(13)*	**(62,547)**	--
Total other comprehensive loss for the year		**(62,547)**	**--**
Total comprehensive income for the year		**4,800,454**	744,665

The accompanying notes (1) through (22) form an integral part of these financial statements.

MERAK CAPITAL COMPANY
(A Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(Saudi Arabian Riyals)

	Share Capital	Accumulated Profit / Losses	Statutory Reserve	Total
Balance as at 1 January 2022	6,000,000	(1,562,272)	--	4,437,728
Profit for the year	--	744,665	--	744,665
Other comprehensive income for the year	--	--	--	--
Total comprehensive income for the year	--	744,665	--	744,665
Balance as at 31 December 2022	6,000,000	(817,607)	--	5,182,393
Balance as at 1 January 2023	**6,000,000**	**(817,607)**	**--**	**5,182,393**
Profit for the year	**--**	**4,863,001**	**--**	**4,863,001**
Transfer to statutory reserves	**--**	**(480,045)**	**480,045**	**--**
Other comprehensive income for the year	**--**	**(62,547)**	**--**	**(62,547)**
Total comprehensive income for the year	**--**	**4,320,409**	**480,045**	**4,800,454**
Balance as at 31 December 2023	**6,000,000**	**3,502,802**	**480,045**	**9,982,847**

The accompanying notes (1) through (22) form an integral part of these financial statements.

MERAK CAPITAL COMPANY
(A Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Saudi Arabian Riyals)

	Note	**31 December 2023**	31 December 2022
Cash flows from operating activities			
Profit for the year		**4,863,001**	744,665
Adjustments for:			
Depreciation of property and equipment	*(8)*	**408,026**	214,407
Depreciation of right of use assets	*(9)*	**474,627**	405,177
Special commission expense	*(9)*	**63,247**	41,500
Employee benefits	*(13)*	**237,154**	155,951
Unrealized gain on investment at FVTPL	*(10)*	**(94,394)**	(234,158)
Zakat expense	*(12)*	**241,972**	103,716
Allowance for expected credit losses	*(6)*	**-**	86,250
		6,193,633	1,517,508
Changes in operating assets and liabilities:			
Prepayments and other current assets	*(6)*	**(531,587)**	1,174,613
Receivables from funds under management	*(7)*	**(12,912,570)**	(481,782)
Accrued expenses and other current liabilities	*(11)*	**9,951,359**	331,786
Cash generated from operating activities		**2,700,835**	2,542,125
Finance cost paid	*(9)*	**(65,558)**	(89,156)
End of service benefit paid	*(13)*	**(36,796)**	-
Zakat paid	*(12)*	**(103,716)**	(71,312)
Net cash generated from operating activities		**2,494,765**	2,381,657
Cash flows from investing activities			
Investment carried at fair value through profit or loss	*(10)*	**(318,985)**	(408,402)
Addition to property and equipment	*(8)*	**(261,214)**	(1,026,492)
Net cash used in investing activities		**(580,199)**	(1,434,894)
Cash flows from financing activities			
Payment against lease liability	*(9)*	**(560,467)**	(262,205)
Net cash used in financing activities		**(560,467)**	(262,205)
Net increase in cash and cash equivalents		**1,354,099**	684,558
Cash and cash equivalents at beginning of the year		**2,497,713**	1,813,155
Cash and cash equivalents at end of the year		**3,851,812**	2,497,713

The accompanying notes (1) through (22) form an integral part of these financial statements

1. ORGANIZATION AND ITS ACTIVITIES

Merak Capital Company ("the Company") is a Saudi Closed Joint Stock Company incorporated in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010501220 dated 24 Rabi' I 1440H (corresponding to 31 December 2018).The principal activities of the Company include managing non-real estate private mutual funds, managing experienced sophisticated investment portfolios, and advising on securities business under the license of the Capital Market Authority No. 18194-32 dated 3 Rabi' I 1440H (corresponding to 11 November 2018).

The head office of the Company is located at 6959 Prince Turki Bin Abdulaziz Al Awwal Rd - Al Muhammadiyah Dist. Unit No 65, Riyadh 12364 - 2848 Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for measurement of Investment at fair value through profit or loss which is measured at fair value and end of service benefits which are measured using projected unit credit method under IAS-19, using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgement

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following material accounting policies to all periods presented in these financial statements. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to lAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of material, rather than significant accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The material accounting policies applied in the preparation of these financial statements are set out below.

a) Financial instruments

Recognition and initial measurement
Financial assets and financial liabilities at FVTPL are initially recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. Financial assets and financial liabilities at FVTPL are initially recognised at fair value, with transaction costs recognised in the statement of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognised at fair value plus / (minus) transaction costs that are directly attributable to their acquisition or issue.

Classification and subsequent measurement
A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

Financial assets
On initial recognition, a financial asset is classified as measured at:
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) *Financial instruments (continued)*

Classification and subsequent measurement (continued)

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial instruments
Financial assets
The Company derecognises a financial asset when:
- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Financial instruments (continued)

Classification and subsequent measurement (continued)

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets
The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the off taker is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Financial instruments (continued)

Classification and subsequent measurement (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

b) Cash and cash equivalents
Cash and cash equivalents comprise of cash at bank, cash in hand and short term highly liquid deposits with an original maturity of three months or less, which are available to the Company without any restrictions. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

c) Revenue recognition
The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

i. Identify the contract(s) with a 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;

ii. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

iii. 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;

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

iv. Allocate the transaction price to the performance obligations in the contract: 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: and

v. Recognize revenue when (or as) the Company satisfies a performance obligation at a point time or over time.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:
i. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
ii. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
iii. The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance obligations completed to date.

Where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

The Company recognises fees from Funds as per the agreement with Funds. These include:
- Management fee recognized over time.
- Subscription fee is recognised at point in time based on subscription agreement.
- Formation fee is recognised at point in time based on agreement with funds.

d) Property and equipment

Items of Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes expenditures that are directly attributable to the acquisition of these assets, including the cost of purchase and any other costs directly attributable to bring the assets to a working condition for their intended use.

Subsequent expenditure is recognised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of the asset is included in the profit or loss when the asset is derecognized.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their residual values, on a straight-line basis over the estimated useful lives and is generally recognized in profit or loss.

At each reporting date, the Company reviews the carrying amounts of the Property and equipment to determine whether there is any indication of impairment. If any indication exists, then the assets recoverable amount is estimated.

e) Intangible assets

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or the process is technically and commercially feasible, future economic benefits are probable and the company intends to and has sufficient resource to complete development and to use or sell the asset.

Intangible assets pertains to digital investor portal software.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest/commission rate method.

g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h) Zakat

The Company is subject to Zakat in accordance with the regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the statement of profit or loss and other comprehensive income. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the regulations.

i) Employee benefits

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- re-measurements.

The Company presents the first two components of defined benefit costs (i.e. service cost and interest expense) in profit or loss in relevant line items.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries and annual leave which are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is 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 or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

a) New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Company

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board ("IASB") have been effective from 1 January 2023 and accordingly adopted by the Company, as applicable:

Standards / Amendments	Description
Amendments to lAS 8	Definition of accounting estimate
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to IAS 12	International tax reform – Pillar Two Model Rules
Amendments to IFRS 17	Insurance Contracts

The adoption of the amended standards and interpretations applicable to the Company did not have any significant impact on these financial statements.

b) New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective are listed below. The Company intends to adopt these standards when they become effective

Standards / Interpretation	Description	Effective from periods beginning on or after the following date
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to lAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	Available for optional adoption / effective date deferred indefinitely

The above standards, interpretations and amendments are not expected to have a significant impact on the Company's financial statements.

5. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Current accounts with banks	**3,851,812**	2,497,713

6. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Subscription fee receivable	**325,450**	86,250
Less: Allowance for impairment on Subscription fee (Note 6.1)	**(86,250)**	(86,250)
	239,200	--
Professional services	**192,732**	123,952
Advance to suppliers	**85,130**	61,450
Value added tax (VAT)	**-**	130,883
Others	**792,137**	461,327
	1,309,199	777,612

6.1 The movement of allowance for allowance for impairment loss on subscription fee.

	31 December 2023	31 December 2022
Opening balance	**86,250**	--
Charge for the year	**-**	86,250
Closing balance	**86,250**	86,250

7. RECEIVABLES FROM FUNDS UNDER MANAGEMENT

	31 December 2023	31 December 2022
Formation fee	**10,220,625**	--
Management fee	**2,030,422**	--
Other	**1,258,305**	596,782
	13,509,352	596,782

7.1 Formation and Management fee pertains to Merak Private Equity Fund – II.

8. PROPERTY AND EQUIPMENT

	Furniture and Fixture	**Computer and Electronics**	**Leasehold Improvements**	**Capital work in progress**	**Total**
COST:					
Balance as at 31 December 2022	510,306	399,253	885,222	118,424	1,913,205
Additions during the year	**5,485**	**22,151**	**204,956**	**28,622**	**261,214**
Transfer to leasehold improvements	--	--	70,625	(70,625)	--
Balance as at 31 December 2023	**515,791**	**421,404**	**1,160,803**	**76,421**	**2,174,419**
ACCUMULATED DEPRECIATION:					
Balance as at 31 December 2022	59,062	64,224	210,979	--	334,265
Depreciation charge for the year	**54,771**	**82,244**	**271,011**	**--**	**408,026**
Balance as at 31 December 2023	**113,833**	**146,468**	**481,990**	**--**	**742,291**
Net Book Value as at 31 December 2023	**401,958**	**274,936**	**678,813**	**76,421**	**1,432,128**
Net Book Value as at 31 December 2022	451,244	335,029	674,243	118,424	1,578,940

8.1 Capital work in progress represents software under development amounting to SR 76,421 (2022: SR 47,799).

9. RIGHT OF USE ASSET AND LEASE LIABILITY

The Company operates in a leased premises in relation to which the Company has recognized a right of use asset and corresponding lease liability as follows:

	2023	2022
Right of use Asset		
Balance at the beginning of the year	**1,167,099**	1,572,276
Additions	**746,237**	-
Depreciation charge for the year	**(474,627)**	(405,177)
Balance at the end of the year	**1,438,709**	1,167,099

	2023	2022
Lease Liability		
Balance at the beginning of the year	**1,279,632**	1,589,493
Additions	**746,237**	-
Special commission expense	**63,247**	41,500
Payments	**(626,025)**	(351,361)
Balance at the end of the year	**1,463,091**	1,279,632

9.1 Amounts recognized in statement of profit or loss

	31 December 2023	31 December 2022
Depreciation charge for the year	**474,627**	405,177
Special commission expense	**63,247**	41,500
	537,874	446,677

9.2 Amounts recognized in statement of financial position

	31 December 2023	31 December 2022
Current liability	**472,366**	418,692
Non-current liability	**990,725**	860,940
Total lease liability	**1,463,091**	1,279,632

10. INVESTMENT CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company has subscribed to 8 units of the Merak Technology Ventures Fund at the price of SR 250,000 per unit. The Company has paid SR 875,022 for the subscription amount called by the Fund. The investment is carried at Fair value through profit or loss.

	31 December 2023	31 December 2022
Carrying value	**1,176,798**	623,655
Unrealized gain	**94,394**	234,158
Balance at the end of the year	**1,271,192**	857,813

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2023	31 December 2022
VAT payable	**٢,٩٧٦,١٠٩**	**-**
Salaries and employee related expenses	**2,900,000**	**-**
Accrued and other liabilities	**2,715,799**	244,374
Management fee received in advance	**1,856,300**	224,742
Advisory and card services	**154,005**	181,738
	10,602,213	650,854

12. ZAKAT

a) Zakat status

The Company has filed its zakat return up to 31 December 2022 with the Zakat, Tax and Customs Authority ("ZATCA"). No assessments have been raised by ZATCA.

b) Zakat base

Significant components of Zakat base as of 31 December are as follows:

	31 December 2023	31 December 2022
Net profit for the year	**5,104,973**	848,381
Adjustments to net profit:	**370,527**	86,113
Net profit for the year	**5,475,500**	934,494
Shareholders' equity	**6,000,000**	6,000,000
Accumulated losses	**(817,607)**	(1,562,272)
Lease liability	**1,463,091**	1,279,632
Accounts payable and provision	**301,552**	145,604
Right of use assets	**(1,438,709)**	(1,167,099)
Property and equipment	**(1,432,128)**	(1,578,940)
Zakat base	**4,076,199**	3,116,925
Estimated zakat charge for the year		
of zakat base at 2.578%	**105,084**	80,354
of adjusted profit at 2.5%	**136,888**	23,362
Zakat expense	**241,972**	103,716
Provision for zakat	**241,972**	103,716

c) Provision for Zakat movement

The movement in Zakat provision for the year ended 31 December was as follows:

	31 December 2023	31 December 2022
Balance at beginning of the year	**103,716**	71,312
Zakat expense for the year	**241,972**	103,716
Payments made during the year	**(103,716)**	(71,312)
Balance as of 31 December	**241,972**	103,716

13. EMPLOYEE END OF SERVICE BENEFIT

	31 December 2023	31 December 2022
Balance at the beginning of the year	**259,364**	103,413
Included in profit or loss		
Current service cost	**218,920**	155,951
Interest cost	**18,234**	-
	237,154	155,951
Included in other comprehensive income		
Re-measurement (gain) / loss:		
Actuarial (gain) / loss arising from:		
- transitional liability	**--**	--
- experience adjustment	**62,547**	--
Other	**62,547**	--
Benefits paid	**(36,796)**	--
Balance at the end of the year	**522,269**	259,364

The most recent actuarial valuation was performed by an independent and qualified actuary using the projected unit credit method.

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2023
Discount rate (%)	**4.65**
Future salary growth (%)	**4.65**
Duration of liabilities (years)	**7.44**

a) Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 December 2023	
	Increase by 1%	**Decrease by 1%**
Discount rate	**503,463**	**542,357**
Future salary growth	**538,603**	**506,795**

14. REVENUE

	31 December 2023	31 December 2022
Over the time		
Management fee	**9,171,750**	6,906,251
Point in time		
Formation fee	**9,269,070**	2,175,000
Subscription fee	**1,649,800**	263,195
	20,090,620	9,344,446

15. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023	31 December 2022
Salaries and employee related expenses	**10,737,665**	5,282,625
Professional and legal fees	**1,223,821**	1,249,433
Government and subscriptions fees	**734,993**	424,873
Depreciation on right of use assets	**474,627**	405,177
Depreciation on property and equipment	**408,026**	214,407
Office expenses	**312,247**	396,255
Insurance expense	**288,688**	207,927
License and CMA fee	**77,930**	64,000
Stationery and publications	**42,464**	33,149
Others	**619,085**	384,607
	14,919,546	8,662,453

16. RELATED PARTY

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include Board of Directors, Key Management Personnel, Funds under management which are under common ownership. The related party transactions are made at mutually agreed terms as approved by the Board of Directors.

a) Balances with related parties, other than those disclosure elsewhere in the financial statements, are as follows:

Related parties	**Nature of transactions**	**31 December 2023**	31 December 2022
Merak Private Equity Fund- II	Formation Fee	**8,892,000**	**-**
Merak Technology Ventures Fund	Investment	**1,271,192**	857,813
Merak Private Equity Fund- III	Payment on behalf	**297,929**	**-**
Audit Committee	Compensation	**183,000**	**-**
Merak Private Equity Fund- II	Payment on behalf	**141,673**	**-**
Merak Private Equity Fund- III	Formation Fee	**136,200**	**-**
Merak Technology Ventures Fund	Payment on behalf	**86,552**	40,948
Merak Private Equity Fund – Data & Digitization	Payment on behalf	**63,699**	63,356

b) Significant transactions, other than those disclosure elsewhere in the financial statements, made during the year ended 31 December 2023 are as follows:

Related parties	**Nature of transactions**	**31 December 2023**	31 December 2022
Merak Private Equity Fund- II	Formation Fee	**8,892,000**	-
Merak Private Equity Fund – Data & Digitization	Management Fee	**4,602,626**	3,625,000
Merak Technology Ventures Fund	Management Fee	**3,281,250**	3,505,993
Merak Private Equity Fund- III	Formation Fee	**2,576,850**	-
Merak Private Equity Fund- III	Management Fee	**2,006,014**	-
Merak Private Equity Fund- II	Management Fee	**990,706**	-
Merak Private Equity Fund – Data & Digitization	Formation Fee	**-**	2,175,000

16. RELATED PARTY (CONTINUED)

b) Significant transactions, other than those disclosure elsewhere in the financial statements, made during the year ended 31 December 2023 are as follows: (Continued)

Related parties	Nature of transactions	31 December 2023	31 December 2022
Merak Private Equity Fund-III	Payment on behalf	**297,929**	-
Audit Committee	Compensation	**177,000**	54,000
Merak Technology Ventures Fund	Payment on behalf	**145,102**	98,269
Merak Private Equity Fund- II	Payment on behalf	**128,736**	-
Merak Private Equity Fund – Data & Digitization	Payment on behalf	**113,217**	177,356

c) Key management personnel compensation comprised the following:

	31 December 2023	31 December 2022
Short-term benefits	**1,560,000**	1,500,000
Post-employment benefits	**231,507**	166,685
	1,791,507	1,666,685

17. FINANCIAL RISK MANAGEMENT

The Company is exposed to the following risks arising from financial instruments:
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

Market risk
Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market variables such as special commission rates, equity prices and foreign exchange rates. Market risk can be categorized into currency risk, commission rate risk and equity price risk.

a) *Currency risk*
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Arabian Riyals (SAR) and US Dollar (USD). As the SAR is pegged to the USD, the Company is not exposed to any significant currency risk.

b) *Commission rate risk*
Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of financial instruments. As of 31 December 2023, the Company does not hold any commission bearing instrument and accordingly, the Company is not exposed to commission rate risk.

c) *Equity price risk*
Equity price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements. The Company's investments are susceptible to equity price risk arising from uncertainties about future prices. The Fund Manager manages this risk through diversification of its investment portfolio in terms of industry concentration.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to credit risk mainly arising from cash and cash equivalents and receivable from related parties.

Credit risk on bank balances is assessed to be minimal as these balances are callable on demand and held with reputable financial institutions in KSA.

The Company's risk management policies and processes are designed to identify and analyze risk, to set appropriate limits and controls, and to monitor the risks and adherence to limits by means of timely and reliable management information data.

The maximum exposure to credit risk for the Company was as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	**3,851,812**	2,497,713
Receivables from Funds under management	**13,509,352**	596,782
Other current assets	**239,200**	--
	17,600,364	3,094,495

Credit risk on bank balances is assessed to be minimal as these balances are callable on demand and held with banks with A- credit rating by Fitch rating agency. Credit risk on receivables from funds under management and other assets are assessed to be minimal based on historical default and the fact that they are due from counterparties with creditworthiness evaluated to be good by the Company's internal process.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

The Company's approach to managing liquidity is to ensure it always has sufficient liquidity (or access to sufficient liquidity) to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable costs or risking damage to the Company's reputation. The contractual maturity profile of the financial assets and financial liabilities of the Company as of 31 December 2023 was as follows:

	Within 3 months	**3-12 months**	**More than 1 year**	**No fixed maturity**	**Total**
31 December 2023					
Cash and cash equivalents	**3,851,812**	-	-	-	**3,851,812**
Receivables from funds under management	**13,509,352**	-	-	-	**13,509,352**
Other current assets	-	**239,200**	-	-	**239,200**
Financial assets – Total	**17,361,164**	**239,200**			**17,600,364**
Accrued expenses and other liabilities	**8,745,413**	**-**	-	-	**8,745,413**
Financial liabilities – Total	**8,745,413**	**-**	**-**	**-**	**8,745,413**

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	Within 3 months	3-12 Months	More than 1 year	No fixed maturity	Total
31 December 2022					
Cash and cash equivalents	2,497,713	-	-	-	2,497,713
Receivables from funds under management	-	596,782	-	-	596,782
Financial assets – Total	2,497,713	596,782			3,094,495
Accrued expenses and other liabilities	426,113	-	-	-	426,113
Financial liabilities – Total	426,113	-	-	-	426,113

The Company manages bank accounts on behalf of the Funds under its management, amounting to SR 4.26 million as at 31 December 2023 (31 December 2022: SR 18.7 million). These balances are not included in the Company's financial statements as they are held by the Company in a fiduciary capacity.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, people, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider level 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 of managing operational risk is to ensure control of the Company's resources by protecting the assets of the Company and minimizing the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. Qualitative and quantitative methodologies and tools are used to identify and assess operational risks and to provide management with information for determining appropriate mitigating factors.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

As of 31 December 2023, the Company's management assessed that the fair values of cash and cash equivalents, receivables from funds under management approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is reported at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) 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; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

18. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the Company's financial assets and financial liabilities measured and recognized at fair value including their levels in the fair value hierarchy at 31 December 2023 on a recurring basis. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Investments at fair value through profit or loss	**-**	**1,271,192**	**-**	**1,271,192**

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at fair value through profit or loss	-	857,813	-	857,813

Financial instruments by category
The classification of financial assets by category are included in the below table.

	Amortized cost	**FVTPL**	**FVOCI**
31 December 2023			
Cash and cash equivalents	**3,851,812**		**-**
Receivables from funds under management	**13,509,352**		**-**
Other current assets	**239,200**		**-**
Investment carried at fair value through profit or loss	**-**	**1,271,192**	**-**
Total	**17,600,364**	**1,271,192**	**-**

	Amortized Cost	FVTPL	FVOCI
31 December 2022			
Cash and cash equivalents	2,497,713		-
Receivables from funds under management	596,782		-
Investment carried at fair value through profit or loss	-	857,813	-
Total	3,094,495	857,813	-

As of the statement of financial position date, all financial liabilities were measured at amortized cost.

19. CAPITAL MANAGEMENT

The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

The Capital Market Authority has issued Prudential Rules (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, CMA prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology.

20. SUBSEQUENT EVENTS

No events occurred subsequent to the reporting date which could materially affect the financial statements and the related disclosures for the year ended 31 December 2023.

21. COMPARATIVE FIGURES

The company has reclassified certain balances in prepayments and other current assets into receivables from Funds under management. The change is being done to reflect the nature of balances and to conform with current year presentation. A summary of the effect on individual components for the aforementioned changes is summarized as follows:

Statement of Financial Position	**Balance as previously stated**	**Effect of reclassification**	**Balance as restated**
Prepayments and other current assets	1,374,394	(596,782)	777,612
Receivables from Funds under management	--	596,782	596,782

Statement of Cashflow	**Balance as previously stated**	**Effect of reclassification**	**Balance as restated**
Prepayments and other current assets	577,831	596,782	1,174,613
Receivables from Funds under management	115,000	(596,782)	(481,782)

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements appearing on pages (1) to (26) have been approved by the shareholders on 19 Ramadan 1445H (corresponding to 29 March 2024).