Saudi Riyal Money Market Fund
(Managed by Alawwal Invest Company)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SAUDI RIYAL MONEY MARKET FUND
(Managed by Alawwal Invest Company)

Opinion

We have audited the financial statements of Saudi Riyal Money Market Fund (the "Fund") managed by Alawwal Invest Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2018, 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 that are endorsed by the Saudi Organization for Certified Public Accountants.

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 Fund in accordance with professional code of conduct and ethics 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 these 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 Board of Directors 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 that are endorsed by the Saudi Organization for Certified Public Accountants and the applicable provisions of the Investment Funds Regulations issued by the Board of the Capital Market Authority, and the Fund's terms and conditions and the Information Memorandum, 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Fund's Board of Directors are responsible for overseeing the Fund'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.

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INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF SAUDI RIYAL MONEY MARKET FUND
(Managed by Alawwal Invest Company) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
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 skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund's Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45

Riyadh: 25 Rajab 1440H
(1 April 2019)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	31 December 2018 SR	31 December 2017 (note 18) SR	1 January 2017 (note 18) SR
ASSETS				
Cash and cash equivalents	8	**9,789,687**	22,260,312	10,740,493
Investments designated at fair value through profit or loss	9	**42,934,691**	111,435,540	105,021,428
Money market placements measured at amortised cost	10	**204,420,739**	140,324,314	166,802,751
Investments measured at amortised cost	11	**47,667,274**	79,420,768	95,020,172
TOTAL ASSETS		**304,812,391**	353,440,934	377,584,844
LIABILITY				
Accrued expenses		**190,158**	4,842	63,910
TOTAL LIABILITY		**190,158**	4,842	63,910
EQUITY				
Net assets attributable to the redeemable unitholders		**304,622,233**	353,436,092	377,520,934
Units in issue		**14,807,094**	17,537,194	19,071,104
Net assets value attributable to each unit		**20.5727**	20.1535	19.7954

The accompanying notes 1 to 20 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 SR	2017 (note 18) SR
INCOME			
Net gain from investments designated at fair value through profit or loss	12	**1,253,858**	2,435,179
Special Commission income		**7,204,219**	6,413,512
		8,458,077	8,848,691
EXPENSES			
Management fees	15	**(1,601,701)**	(1,933,029)
Other expenses	14 & 15	**(139,815)**	(47,711)
		(1,741,516)	(1,980,740)
PROFIT FOR THE YEAR		**6,716,561**	6,867,951
Other comprehensive Income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,716,561**	6,867,951

The accompanying notes 1 to 20 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Notes	2018 SR	2017 SR
OPERATING ACTIVITIES			
Net income for the year		**6,716,561**	6,867,951
Adjustments to reconcile profit for the year to net cash flows:			
Unrealized (loss) gain on investments designated at fair value through profit or loss	12	**(117,631)**	1,181,861
		6,598,930	8,049,812
Working capital adjustments:			
Decrease (increase) in investments designated at fair value through profit or loss		**68,618,480**	(7,595,973)
Increase(decrease) in placements measured at amortised cost		**(64,096,425)**	26,478,437
Decrease in investments measured at amortised cost		**31,753,494**	15,599,404
Increase (decrease) in accrued expenses		**185,316**	(59,068)
Net cash flows from operating activities		**43,059,795**	42,472,612
FINANCING ACTIVITIES			
Proceeds from issuances of units		**68,006,416**	134,774,282
Payment on redemption of units		**(123,536,836)**	(165,727,075)
Net cash flows used in financing activities		**(55,530,420)**	(30,952,793)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(12,470,625)**	11,519,819
Cash and cash equivalents at the beginning of the year		**22,260,312**	10,740,493
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**9,789,687**	22,260,312

The accompanying notes 1 to 20 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	2018 SR	2017 SR
NET ASSETS ATTRIBUTABLE TO THE REDEEMABLE UNITHOLDERS (EQUITY) AT THE BEGINNING OF THE YEAR	**353,436,092**	377,520,934
Total comprehensive income for the year	**6,716,561**	6,867,951
	360,152,653	384,388,885
CONTRIBUTIONS AND REDEMPTIONS BY THE REDEEMABLE UNITHOLDERS:		
Issuance of units during the year	**68,006,416**	134,774,282
Redemption of units during the year	**(123,536,836)**	(165,727,075)
Net redemption by the Unitholders	**(55,530,420)**	(30,952,793)
NET ASSETS ATTRIBUTABLE TO THE REDEEMABLE UNITHOLDERS (EQUITY) AT THE END OF THE YEAR	**304,622,233**	353,436,092

UNIT TRANSACTIONS

Transactions in units for the year ended 31 December are summarised as follows:

	2018 Units	2017 Units
UNITS AT THE BEGINNING OF THE YEAR	**17,537,194**	19,071,104
Units issued during the year	**3,347,706**	6,768,460
Units redeemed during the year	**(6,077,806)**	(8,302,370)
NET DECREASE IN UNITS	**(2,730,100)**	(1,533,910)
UNITS AT THE END OF THE YEAR	**14,807,094**	17,537,194

The accompanying notes 1 to 20 form an integral part of these financial statements.

1. GENERAL

Saudi Riyal Money Market Fund (the "Fund") is an open-ended fund domiciled in Kingdom of Saudi Arabia, created by an agreement between Alawwal Invest Company (the "Fund Manager"), a subsidiary of Alawwal Bank (the "Bank") and investors in the Fund (the "Unitholders").

The Funds Manager's registered office is at P.O. Box 1467, Riyadh 11431, Kingdom of Saudi Arabia.

Saudi Riyal Money Market Fund	
Commencement Date	2 December 1994
Latest Governing Terms and Condition Date	24 July 2018
Latest Governing Information Memorandum Date	24 July 2018
Category	Conventional
Objective	Capital preservation and appreciation
Allowed Investment Channels	Deposits/Morabaha
	Bonds/sukuk
	Structured investment products
	Money Market/Morabaha funds

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") detailing requirements for all investments funds operating within the Kingdom of Saudi Arabia and published by the Capital Market Authority (the "CMA") on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further amended on 16 Sha'aban 1437H (corresponding to 23 May 2016) (the "Amended Regulations"). The Fund Manager believes that the Amended Regulations was effective since 6 Safar 1438H (corresponding to 6 November 2016).

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by Saudi Organization of Certified Public Accountants ("IFRS as endorsed in KSA"). These financial statements for the year ended 31 December 2018 are the first financial statements of the Fund prepared in accordance with IFRS as endorsed in KSA and IFRS 1 "First-time Adoption of International Financial Reporting Standards" as endorsed in KSA has been applied. For all periods up to and including the year ended 31 December 2017, the Fund prepared its financial statements in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia ("SOCPA GAAP"). Refer to note 18 for information on how the Fund's financial statements are impacted upon the adoption of IFRS as endorsed in KSA.

These financial statements have been prepared on a historical cost basis, (except for investments at FVPL which are stated at their fair value) using the accrual basis of accounting and the going concern concept.

The Fund presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 16.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Riyals ("SR"), which is the also the Fund's functional currency.

Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Fund's investments and transactions are denominated in SR. Investor subscriptions and redemptions are determined based on net asset value, and received and paid in SR. The expenses (including management fees, custodian fees and administration fees) are denominated and paid in SR. Accordingly, management has determined that the functional currency of the Fund is SR.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied 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.

5.1. Financial instruments

(i) Classification
In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets either as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

► The entity's business model for managing the financial assets
► The contractual cash flow characteristics of the financial asset

- ***Financial assets measured at amortised cost***
  A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order 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. The Fund includes in this category Cash and cash equivalents, Investments in Sukuk / Bond, Money market placements and Morabaha placements, due from brokers and other receivables.

- ***Financial assets measured at fair value through profit or loss (FVPL)***
  A financial asset is measured at fair value through profit or loss if:

i. Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or

ii. It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.1. Financial instruments (continued)

Financial assets (continued)

iii. At initial recognition, it is irrevocably designated as measured at FVPL, thereby when doing so it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category equity instruments held for trading which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

- ***Financial liabilities measured at fair value through profit or loss (FVPL)***
  A financial liability is measured at FVPL if it meets the definition of held for trading. The Fund does not hold any financial liabilities measured at FVPL.

- ***Financial liabilities measured at amortised cost***
  This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund does not hold any financial liabilities measured at amortised cost.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in statement of comprehensive income.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

Debt instruments

The Fund recognises three classifications to subsequently measure its debt instruments:

- ***Amortised cost***
  Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) which are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- ***Fair Value through Other Comprehensive Income (“FVOCI”)***
  Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expense.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.1. Financial instruments (continued)

(iv) Subsequent measurement (continued)

Debt instruments (continued)

- ***Fair Value through profit or loss ("FVPL")***
  Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of income and which is not part of a hedging relationship is recognised and presented net in the statement of income in the year in which it arises.

Equity instruments
The Fund measures all equity investments at fair value through profit or loss and presents changes in fair value of equity investments in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset Or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(vi) Impairment of financial assets

The Fund recognises loss allowances for expected credit losses (ECL) on the financial instruments that are measured at amortize cost that are sukuk, money market placements and Morabaha placements. No impairment loss is recognised on equity investments.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets on which credit risk has not increased significantly since their initial recognition

The Fund considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade' or certain un-rated investment with no default in past. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive); and
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.1. Financial instruments (continued)

(vi) Impairment of financial assets(continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Significant increase in credit risk

To determine whether the risk of default on a financial instrument has increased significantly since initial recognition, the Fund 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 Fund's historical experience and expert credit assessment and including an assessment of the change in probability of default (PD) as at the reporting date with the PD at the time of initial recognition of the exposure.

Definition of default

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

- the investee is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realizing security (if any is held); or
- the investee is past due more than 10 days on any material credit obligation to the Fund.

In assessing whether an investee is in default. The Fund 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 Fund; 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.

(vii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

5.2. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

5.3. Amounts due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial liabilities, other than those classified as at FVPL, for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.
Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4. Redeemable Units

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable units having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders

The Fund's redeemable participating units meet the definition of puttable instruments classified as equity instruments under IAS 32.16A-B and accordingly, are classified as equity instruments.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the Fund's own equity instruments.

5.5. Special commission income

Special commission income and expense including commission income from non-derivative financial assets held at FVPL, are recognized in statement of comprehensive income, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter year) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Commission received or receivable, and commission paid or payable, are recognised in the statement of comprehensive income as commission income and commission expense, respectively.

5.6. Dividend income

Dividend income is recognised in the statement of comprehensive income on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVPL is recognised in statement of comprehensive income in a separate line item.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.7. Net gain or loss on financial assets and liabilities at Fair Value through Profit or Loss ("FVPL")

Net gains or losses on financial assets and liabilities at FVPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year's unrealised gains and losses for financial instruments which were realised in the reporting year. Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

5.8. Fee and other expenses

Fee and other expenses are recognized on an accrual basis.

5.9. Zakat and income tax

Under the current system of taxation in Kingdom of Saudi Arabia the Fund is not liable to pay any zakat or income tax as they are considered to be the obligation of the Unitholders and as such, are not provided in the accompanying financial statements.

5.10. Foreign currency translation

Transactions in foreign currencies are translated into SR at the exchange rate at the dates of the transactions. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated into SR at the exchange rate at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange losses, except for those arising on financial instruments at FVPL, which are recognised as a component of net gain from financial instruments at FVPL.

6. USE OF JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS as endorsed in KSA requires the use of certain critical accounting judgements, 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 Funds' accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Significant areas where management has used estimates, assumptions or exercised judgement are as follows:

Fair value measurement

The Fund measures its investments in financial instruments, such as equity instruments, debentures, other interest bearing investments and derivatives, at fair value at each reporting date. 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 Fund. 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 economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by

6. USE OF JUDGMENTS AND ESTIMATES (continued)

Fair value measurement (continued)

using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted prices available on respective stock exchange, without any deduction for transaction costs. The Fund is using last traded prices which is recognised as standard pricing convention within the industry.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The Fund measures financial instruments at fair value at each statement of financial position date. Fair values of those financial instruments are disclosed in note 13.

Impairment of financial instruments

The Fund recognizes loss allowances for ECL on the following financial instruments that are not measured at FVPL:

- Placements; and
- Financial assets that are debt instruments and are carried at amortised cost;

No impairment loss is recognized on equity investments. The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Fund considers a debt investment to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade' or certain un-rated investment with no default in past. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are several standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund has not yet undertaken an assessment to determine the potential impact on the amounts reported and disclosures to be made under the new standards. The Fund intends to adopt these standards on their respective mandatory effective dates, if applicable. The following is a summary of new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	1 January 2019

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively;
- assumptions for taxation authorities' examinations;
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- the effects of changes in facts and circumstances

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. — 1 January 2019

Amendments to IAS 28 Investment in Associates and Joint Ventures relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. — 1 January 2021

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2022. — 1 January 2022

8. CASH AND CASH EQUIVALENTS

	31 December 2018	*31 December 2017*	*1 January 2017*
	SR	*SR*	*SR*
Bank balances	**9,789,687**	22,260,312	10,740,493
Short term placements with other banks	**-**	-	-
Total	**9,789,687**	22,260,312	10,740,493

The bank balances are placed with a local Saudi banks, having sound credit rating.

9. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of the investments as at statement of financial position date summarized below:

	31 December 2018			31 December 2017			1 January 2017		
	Cost SR	Market value SR	Unrealized gain SR	Cost SR	Market value SR	Unrealized gain SR	Cost SR	Market value SR	Unrealized gain SR
Mutual fund									
FALCOM SAR Murabaha Fund	**41,613,771**	**42,934,691**	**1,320,920**	44,218,496	44,981,269	762,773	10,000,000	10,011,787	11,787
International Trade Finance Fund (Sunbullah SAR)	**-**	**-**	**-**	66,013,755	66,454,271	440,516	95,000,000	95,009,641	9,641
	41,613,771	**42,934,691**	**1,320,920**	110,232,251	111,435,540	1,203,289	105,000,000	105,021,428	21,428

All the investments are made in Kingdom of Saudi Arabia.

10. MONEY MARKET PLACEMENTS MEASURED AT AMORTISED COST

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Money Market placements	**204,420,739**	140,324,314	166,802,751
	204,420,739	140,324,314	166,802,751

Counterparties with whom the Fund has made placements have credit ratings of investment grade as issued by rating agencies. The average effective special interest rate on money market placements as at the yearend is 2.90% p.a. (31 December 2017: 1.88% p.a. and 1 January 2017: 3.15% p.a.).

Money Market placements measured at amortised cost is subject to impairment assessment based on ECL model as per IFRS 9. The management has assessed that allowances for ECL is not significant.

11. INVESTMENTS MEASURED AT AMORTISED COST

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Debt securities			
Al Hilal Bank Sukuk	**28,209,043**	28,313,792	28,457,000
Bank of Bahrain Sukuk	**17,450,090**	17,769,413	18,078,200
Almarai Sukuk IV	**-**	31,331,214	41,461,297
Saudi British Bank (SABB) Sukuk	**2,008,141**	2,006,349	7,023,675
	47,667,274	79,420,768	95,020,172

The average effective special interest rate on investments as at the yearend is 5.04 % p.a. (31 December 2017: 3.51% p.a. and 1 January 2017: 4.87% p.a.).

Investments measured at amortised cost is subject to impairment assessment based on ECL model as per IFRS 9. The management has assessed that allowances for ECL is not significant.

12. NET GAIN FROM INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2018 SR	31 December 2017 SR
Realised gain	**1,136,227**	1,253,318
Unrealised gain	**117,631**	1,181,861
	1,253,858	2,435,179

13. FAIR VALUES OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 (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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The table below presents the financial instruments measured at their fair values as of reporting date based on the fair value hierarchy:

	31 December 2018			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Investments at FVPL	**42,934,691**	**-**	**-**	**42,934,691**
Total	**42,934,691**	**-**	**-**	**42,934,691**

	31 December 2017			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Investments at FVPL	111,435,540	-	-	111,435,540
Total	111,435,540	-	-	111,435,540

	1 January 2017			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Investments at FVPL	105,021,428	-	-	105,021,428
Total	105,021,428	-	-	105,021,428

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the end of the reporting year during which the change has occurred. During the year, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

The fair values of investments measured at amortised cost are set out below:

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Investments measured at amortised cost	**47,667,274**	79,420,768	95,020,172
	47,667,274	79,420,768	95,020,172

13. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The valuation of investments measured at amortised cost is estimated using contractual cash flows discounted at market yield as of reporting date, which is the sukuk market yield plus the prevailing Saudi Inter Bank offer rates (SIBOR). Input into the discounted cash flow techniques includes market yield, contractual cash flows and primary origination spreads.

Other financial instruments such as, cash and cash equivalents and morabaha placements. These are short-term financial assets whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties.

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including: overdraft and accrued expenses.

14. OTHER EXPENSES

	31 December 2018 SR	31 December 2017 SR
Value added tax (VAT)	**83,048**	-
Audit fees	**30,000**	30,000
Custody fee	**10,000**	-
CMA monitoring fees	**7,500**	7,500
Tadawul fees	**5,000**	5,000
Board member fees (note 15)	**4,267**	5,211
	139,815	47,711

15. TRANSACTIONS WITH RELATED PARTIES

Management fee and other transactions

The Fund is managed and administered by the Fund Manager. For this service the Fund pays a management fee calculated on every valuation day, at an annual rate of 0.5 % of the Fund’s daily net assets. Total management fees for the year amounted to SR 1,601,701 (2017: SR 1,933,029).

Other expenses paid by the Fund Manager on behalf of the Fund are charged to the Fund.

The Bank acts as the Fund’s banker and the Fund Manager acted as the custodian to the Fund’s investment until 31 March 2018 after that custody was transferred to Riyad Capital Company.

Board of directors

The independent directors are entitled to remuneration for their services at rates determined by the Fund’s terms and conditions in respect of attending meetings of the board of directors or meetings of the Fund. Independent director’s fees are currently SR 3,000 per meeting up to a maximum of 2 meetings per annum per director which is paid equally by all funds supervised by the board, in addition, SR 2,000 are paid to each independent director by the Fund per annum. The directors received total remuneration of SR nil during the year ended 31 December 2018 (for the year ended 31 December 2017: SR 5,211), the fees payable to directors at the year-end were SR 4,267 (31 December 2017: SR Nil, 1 January 2017: SR 5,938).

15. TRANSACTIONS WITH RELATED PARTIES (continued)

Units held by related parties

The balances as at year end resulting from such transactions included in the financial statements are as follows:

Related party and nature of relationship	***Nature of transaction***	***31 December 2018 Units***	***31 December 2017 Units***	***1 January 2017 Units***
Other funds managed by the Fund Manager	Units held	**-**	396,603	315,211
Fund Manager	Units held	**1,409,142**	-	-
		1,409,142	396,603	315,211

16. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

31 December 2018	Within 12 months SR	After 12 months SR	Total SR
ASSETS			
Cash and cash equivalents	**9,789,687**	**-**	**9,789,687**
Investments at fair value through profit or loss	**42,934,691**	**-**	**42,934,691**
Money market placements measured at amortised cost	**204,420,739**	**-**	**204,420,739**
Investments measured at amortised cost	**28,209,043**	**19,458,231**	**47,667,274**
TOTAL ASSETS	**285,354,160**	**19,458,231**	**304,812,391**
LIABILITY			
Accrued expenses	**190,158**	**-**	**190,158**
TOTAL LIABILITY	**190,158**	**-**	**190,158**

31 December 2017	Within 12 months SR	After 12 months SR	Total SR
ASSETS			
Cash and cash equivalents	22,260,312	-	22,260,312
Investments at fair value through profit or loss	111,435,540	-	111,435,540
Money market placements measured at amortised cost	-	140,324,314	140,324,314
Investments measured at amortised cost	20,203,865	59,216,903	79,420,768
TOTAL ASSETS	153,899,717	199,541,217	353,440,934
LIABILITY			
Accrued expenses	4,842	-	4,842
TOTAL LIABILITY	4,842	-	4,842

16. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

1 January 2017	Within 12 months SR	After 12 months SR	Total SR
ASSETS			
Cash and cash equivalents	10,740,493	-	10,740,493
Investments at fair value through profit or loss	-	105,021,428	105,021,428
Money market placements measured at amortised cost	-	166,802,751	166,802,751
Investments measured at amortised cost	15,147,409	79,872,763	95,020,172
TOTAL ASSETS	25,887,902	351,696,942	377,584,844
LIABILITY			
Accrued expenses	63,910	-	63,910
TOTAL LIABILITY	63,910	-	63,910

17. FINANCIAL RISK MANAGEMENT

The Fund has exposure to the following risks from financial instruments:
- credit risk;
- liquidity risk; and
- market risks.

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework
The Fund maintains positions in non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises listed equity and debt securities (Sukuk, Money market placements and Murabha placements) and investments in unlisted investment funds.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Fund Board on a daily basis. In instances where the portfolio has diverged from target asset allocations, the Fund's investment manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

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

The Fund is exposed to credit risk for its investments measured at amortized cost, placements held at amortized cost, bank balance and other receivables. The Fund Manager seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties.

17. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Cash and cash equivalents	**9,789,687**	22,260,312	10,740,493
Morabaha placements measured at amortised cost	**204,420,739**	140,324,314	166,802,751
Investments measured at amortised cost	**47,667,274**	79,420,768	95,020,172
Total exposure to credit risk	**261,877,700**	242,005,394	272,563,416

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties.

As at the reporting date, the Fund's debt securities exposures were concentrated in the following economic sectors and geographies.

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
		Carrying Value	
Sector			
Banks	**47,667,274**	48,089,554	53,558,875
Corporate	-	31,331,214	41,461,297
	47,667,274	79,420,768	95,020,172
Geographical distribution			
Kingdom of Saudi Arabia	**2,008,141**	33,337,563	48,484,972
United Arab Emirates	**28,209,043**	28,313,792	28,457,000
Kingdom of Bahrain	**17,450,090**	17,769,413	18,078,200
	47,667,274	79,420,768	95,020,172

The management has conducted an ECL assessment as required under IFRS 9 and based on that assessment, the management believes that there is no need for any significant impairment loss against the carrying value of the financial assets.

Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Fund's terms and conditions provide for the subscriptions and redemptions of units throughout the week and it is, therefore, exposed to the liquidity risk of meeting unitholders redemptions. However, the fund is allowed to borrow in order to satisfy redemptions. The Fund's bank balances, investments measured at amortized cost and placements are considered to be readily realisable. The Fund Manager monitors liquidity requirements on a regular basis and seeks to ensure that funds are available to meet commitments as they arise.

17. FINANCIAL RISK MANAGEMENT (continued)

Market risk:
'Market risk' is the risk that changes in market prices – such as interest rates, foreign exchange rates, and credit spreads – will affect the Fund's income or the fair value of its holdings in financial instruments.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per Fund's terms and conditions. The Fund's market risk is managed on a timely basis by the investment manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a timely basis by the fund manager.

Special commission rate risk
Special commission rate risk arises from the possibility that changes in market commission rates will affect future profitability or the fair value of the financial instruments.

The Fund is subject to special commission rate risk on its commission bearing assets and liability, including Morabaha placements. The sensitivity of the income is the effect of assumed changes in commission rates, with all other variables held constant, on the Fund's income for the year based on the floating rate financial assets held at the year end. There are no investments in which Fund has made investment in floating rate securities. Hence, there is no effect of change in market commission rate on the Fund's profitability and is not exposed to cash flow interest rate risk.

Equity price risk
Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Fund's investments are susceptible to market 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.

Sensitivity analysis
The table below sets out the effect on net assets attributable to holders of redeemable shares of a reasonably possible weakening / strengthening in the individual equity market prices of 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	31 December 2018 SR		*31 December 2017 SR*	
Net gain / (loss) on investments at FVTPL	**+/- 5%**	**62,693**	+/- 5%	121,759

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund' management believes that there is minimal risk of significant losses due to exchange rate fluctuation as the majority of monetary assets and liabilities are in currencies linked to the Saudi Riyal. In addition, as the Fund's foreign currency transactions are primarily in US dollars which is pegged with the Saudi Riyal, foreign exchange gains and losses are not significant.

18. FIRST-TIME ADOPTION OF IFRS AS ENDORSED IN KSA

As stated in note 3, these financial statements are the first financial statements prepared by the Fund's in accordance with IFRS as endorsed in KSA.

Accordingly, the Fund has applied the IFRS as endorsed in KSA for the preparation of its financial statements for the year beginning 1 January 2018, as well as for presenting the relevant comparative year data. In compliance with the requirements of IFRS 1 as endorsed in KSA, the Fund's opening statement of financial position was prepared as at 1 January 2017 to reflect the transition to IFRS as endorsed in KSA from the previous GAAP i.e. accounting standards generally accepted in the Kingdom of Saudi Arabia ("SOCPA GAAP"). The Fund analysed the impact on the statement of financial positions as at 1 January 2017 and 31 December 2017 and also the statement of comprehensive income for the year ended 31 December 2017.

In preparing its opening IFRS statement of financial position, the Fund has adjusted amounts reported previously in financial statements prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia ("SOCPA GAAP").

18. FIRST-TIME ADOPTION OF IFRS AS ENDORSED IN KSA (continued)

An explanation of how the transition from previous GAAP to IFRS has affected the Fund's financial position and comprehensive income, is set out in the following tables and the notes that accompany the tables:

31 December 2017	*Note*	*SOCPA GAAP* SR	*Effect of transition to IFRS as endorsed in KSA* SR	*IFRS as endorsed in KSA* SR
ASSETS				
Cash and cash equivalents	*a*	22,260,312	-	22,260,312
Investments at fair value through profit or loss	*a*	111,435,540	-	111,435,540
Money market placements measured at amortised cost	*a*	140,000,000	324,314	140,324,314
Investments measured at amortised cost	*a*	77,252,750	2,168,018	79,420,768
Accrued income	*a*	1,653,407	(1,653,407)	-
Receivables and prepayments	*a*	838,925	(838,925)	-
TOTAL ASSETS		**353,440,934**	**-**	**353,440,934**
LIABILITY				
Accrued expenses		4,842	-	4,842
TOTAL LIABILITY		**4,842**	**-**	**4,842**
NET ASSETS		**353,436,092**	**-**	**353,436,092**

1 January 2017	*Note*	*SOCPA GAAP* *SR*	*Effect of transition to IFRS as endorsed in KSA* *SR*	*IFRS as endorsed in KSA* *SR*
ASSETS				
Cash and cash equivalents	*a*	10,740,493	-	10,740,493
Investments at fair value through profit or loss	*a*	105,021,428	-	105,021,428
Money market placements measured at amortised cost	*a*	165,000,000	1,802,751	166,802,751
Investments measured at amortised cost	*a*	92,252,750	2,767,422	95,020,172
Accrued income	*a*	3,308,142	(3,308,142)	-
Receivables and prepayments	*a*	1,262,031	(1,262,031)	-
TOTAL ASSETS		**377,584,844**	**-**	**377,584,844**
LIABILITY				
Accrued expenses		63,910	-	63,910
TOTAL LIABILITY		**63,910**	**-**	**63,910**
NET ASSETS		**377,520,934**	**-**	**377,520,934**

(a) Accrued income, receivable and prepayments

Under previous GAAP, accrued income, receivable and prepayments (i.e. premium and brokerage fee incurred as part of transaction cost) was reported separately on the statement of financial position. Under IFRS as endorsed in KSA, accrued income and the transaction cost are integral part of amortise cost measurement (previously reported as held to maturity investments). Therefore, accrued income, receivable and prepayments have been reclassified with the financial assets measured at amortise cost.

Due to the fact there was no significant impact, no separate reconciliation statement has been prepared to reconcile the comprehensive income as per SOCPA GAAP and as per IFRS as endorsed in the KSA.

19. LAST VALUATION DAY

The last valuation day of the year was 31 December 2018 (2017: 31 December 2017).

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are approved by the Fund Board on 25 Rajab 1440H (Corresponding to 1 April 2019).