BlackRock Saudi Arabia

Annual Report and Financial Statements

for the Period from 27 November 2018 to 31 December 2019

BlackRock Saudi Arabia

Contents

BlackRock Saudi Arabia

Business Report for the Period from 27 November 2018 to 31 December 2019

The board of directors ("the Board") presents its report together with the audited financial statements of BlackRock Saudi Arabia (the "company") for the period from 27 November 2018, being the date of incorporation, to 31 December 2019.

Dividends
Dividends of SAR Nil were paid in the period ended 31 December 2019.

Directors and officers of the company
The directors, who held office during the period and up to the date of this report, were as follows:

N J Charrington - Chairman of the Board (appointed 27 November 2018)

M Abujawdeh (appointed 27 November 2018)

L E Sadler (appointed 27 November 2018)

Y Almubarak (appointed 23 May 2019)

A Talhaoui (appointed 23 May 2019)

T K Mahmoud (appointed 27 November 2018 and resigned 26 May 2019)

A L Rath (appointed 27 November 2018 and resigned 26 May 2019)

The company's role in the global group
The company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with $7.43tn in assets under management ("AUM") as at 31 December 2019 With approximately 16,200 employees in more than 30 countries who serve clients in over 100 countries, BlackRock provides a broad range of investment, risk management and technology services to institutional and retail clients worldwide.

Corporate strategy
Corporate strategy is developed and reviewed at a global and regional level. The company provides advisory and administrative services to clients and other group companies in support of the corporate strategy.

Statement of directors' responsibilities
The directors acknowledge their responsibilities for preparing the Annual Report and Financial Statements in accordance with International Financial Reporting Standard "IFRS" issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia by the Saudi Organisation for Certified Public Accountants ("SOCPA").

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as endorsed by the Kingdom of Saudi Arabia have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with local legislation and IFRS. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Industry profile

Global

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs"), separate accounts, collective investment trusts and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform, *Aladdin*®, Aladdin Wealth, Cachematrix and FutureAdvisor, as well as advisory services and solutions to a broad base of institutional and wealth management clients. BlackRock is highly regulated and manages its clients' assets as a fiduciary. We do not engage in proprietary trading activities that could conflict with the interests of our clients.

BlackRock serves a diverse mix of institutional and retail clients across the globe, with a regionally focused business model. Our footprints in the Americas, EMEA and Asia-Pacific regions reflect strong relationships with intermediaries and an established ability to deliver our global investment expertise in funds and other products tailored to local regulations and requirements. BlackRock leverages the benefits of scale across global investment, risk and technology platforms while at the same time using local distribution presence to deliver solutions for clients. Furthermore, our structure facilitates strong teamwork globally across both functions and regions in order to enhance our ability to leverage best practices to serve our clients and continue to develop our talent.

Clients include tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, foundations and endowments; official institutions, such as central banks, sovereign wealth funds, supranationals and other government entities; taxable institutions, including insurance companies, financial institutions, corporations and third-party fund sponsors, and retail investors.

BlackRock's Retail strategy is focused on an outcome-oriented approach to creating client solutions, including alpha-seeking active, index and alternative products, enhanced distribution, portfolio construction and technology offerings. Digital wealth tools are an important component of BlackRock's retail strategy, as BlackRock scales and customizes model portfolios, extends Aladdin Wealth and digital wealth partnerships globally, and helps advisors build better portfolios through portfolio construction, powered by *Aladdin*®.

iShares® ETFs growth strategy is centred on increasing scale and pursuing global growth themes in client and product segments, including Core, Financial Instruments and Precision Exposures, and Fixed Income, Smart Beta and Sustainable ETFs. BlackRock believes *iShares*® growth will continue to be driven by structural tailwinds for the ETF industry, including the growth of fee-based wealth management, ETFs as alpha tools, all-to-all networked trading and client focus on value for money.

BlackRock's institutional results will be driven by enhancing BlackRock's solutions-oriented approach; deepening client relationships through product diversification and higher value-add capabilities; and leveraging Aladdin's analytical and risk management expertise.

BlackRock continues to invest in technology services offerings, which enhance the ability to generate alpha, effectively serve clients and operate efficiently. BlackRock's technology portfolio includes *Aladdin*® and Aladdin Wealth, FutureAdvisor, Cachematrix, as well as minority investments in Scalable Capital, iCapital, Acorns and Envestnet.

Supplier engagement
BlackRock uses suppliers to help support and enhance our business activities. We have formal processes and procedures in place to manage supplier risk and service delivery, such as regular performance reviews for our key suppliers. In addition, BlackRock maintains a Supplier Code of Conduct & Ethics which outlines the minimum expectations and standards of all our suppliers in relation to human rights, inclusion and diversity, environmental sustainability, integrity and ethics in management practices.

Principal risks and uncertainties
Principal risks and uncertainties are managed by BlackRock at a global and regional level.

As a leading investment management firm, risk is an inherent part of BlackRock's business. Global markets, by their nature, are prone to uncertainty and subject participants to a variety of risks. BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring and managing risks, and invests in personnel and technology accordingly.

The specific risks and uncertainties relevant to the company may be categorised under three broad categories:

- operational risk events, arising from inadequate or failed internal processes, people and systems, or from external events, may result in direct costs and/or subsequent litigation and reputational damage;
- balance sheet risk events, arising from credit risk losses on balance sheet assets or from a lack of liquidity causing the company to be unable to meet payment obligations; and
- market risk events, whereby the company fails to realise the full value of the company's positions as a result of fluctuations in foreign exchange rates.

Operational risk
One of the major risks faced by the company is operational risk, which is the risk of direct or indirect impacts resulting from inadequate or failed internal processes and controls, people and systems, outsourced third party providers, or from external events. This includes cyber risk. The company has a well-established operational risk management framework that provides appropriate control and oversight over risk management arrangements. The operational risk management framework supports the company's fiduciary obligations to clients and mitigates the potential impacts of poor customer outcomes. The strong management of risk also ensures that disruptions to delivering client services are minimised.

BlackRock is exposed to third party outsourcing risk through inadequate or failed controls, processes or systems managed or supported by third parties other than BlackRock. BlackRock mitigates third party risks through due diligence and oversight programmes focused on critical entities that provide products, licenses, or services to BlackRock or its funds. This includes but is not limited to: custodians, fund administrators, index providers, prime brokers, transfer agents, key technology services consultants and other advisors (e.g. tax advisors).

The company operates in a competitive and highly regulated environment and there are a number of factors which could increase the number and severity of operational risks faced by the company. The company seeks to manage operational risk by means of a variety of controls to prevent or mitigate the occurrence of operational risk events and losses. Escalation procedures are in place and operational risks are regularly monitored and reported to senior management, the board of directors ("the Board") and relevant internal oversight committees.

The company also considers risk management when setting remuneration policies and practices to govern those staff whose professional activities could potentially have a material impact on the company's risk profile. Whilst employees are compensated for strong performance in their management of client portfolios, they are required to manage risk within the risk profiles appropriate for their clients.

Balance sheet risk

Credit risk arises in relation to trade and other receivables, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations, and other asset investments. The risk of default in relation to accounts receivable arising from fee income debtors is considered low. The company minimises exposure to credit risk with respect to trade and other receivables by actively pursuing settlement of outstanding management fee invoices and performance fee invoices within the terms and conditions of the underlying agreement. Intercompany balances are managed centrally and agreed upon and settled on a regular basis. The company manages its cash through a cash-pooling arrangement between BlackRock group entities.

Liquidity risk is the risk that the company is unable to meet its financial obligations as they fall due without adversely affecting its financial position, the normal course of its business or its reputation. The liquidity risk management framework ensures that the company shall remain solvent in any reasonably foreseeable stress scenarios, factoring unlikely but plausible events. The governance framework and liquidity policy of the company are designed to: identify, quantify and monitor the liquidity needs, risks and requirements; maintain liquidity resources in excess of liquidity requirements; and maintain an appropriate governance and controls framework for the measurement, monitoring, forecasting, stress testing, usage and allocation of corporate liquidity.

Market risk

Market risk is defined as the risk of loss resulting from fluctuations in the market value of positions and asset values attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness. Fluctuations in markets could cause the value of AUM to decline, which would result in lower investment advisory and administration fees.

As the company does not undertake trading on its own account, market risk is the risk associated with failure to realise the full value of the company's assets and liabilities as a result of fluctuations in foreign exchange rates.

The company is exposed to foreign exchange risk on all income, all expenditure and all transfer pricing (both income and expenditure) that arise in currencies other than US Dollar. The company is also exposed to foreign exchange risk on the revaluation of any non-US Dollar net assets.

Foreign currency balances are monitored by the Treasury and Finance teams in line with the company's tolerance for market risk in relation to foreign exchange. In limited circumstances, the company uses derivative financial instruments to economically hedge its risk associated with foreign exchange movements.

Going concern

The directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

BlackRock Saudi Arabia

Business Report for the Period from 27 November 2018 to 31 December 2019 (continued)

Approved by the Board on 26 March 2020 and signed on its behalf by:

N J Charrington - Chairman of the Board
Director

Deloitte.

Deloitte and Touche & Co.
Chartered Accountants
Jeddah branch office
License #323/11/96/1
Date 24/4/1419
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INDEPENDENT AUDITOR'S REPORT

The Management
BlackRock Saudi Arabia
(Single Shareholder Closed Joint Stock Company)
Al-Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of BlackRock Saudi Arabia ("the Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from inception to December 31, 2019, and a summary of significant accounting policies and other explanatory information in notes 1 to 21.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the period from inception to December 31, 2019 in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our 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 Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Articles of Association 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF BLACKROCK SAUDI ARABIA (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 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte and Touche & Co.
Chartered Accountants

Waleed Bin Moha'd. Sobahi
License No. 378
Sha'aban 2, 1441
March 26, 2020

ديلويت آند توش وشركاهم
محاسبون ومراجعون قانونيون
فرع مكتب جدة
س.ت ٤٠٣٠٢٩٧٠٤٩
CR.: 4030297049
Jeddah Branch
Chartered Accountants
Deloitte and Touche & Co.

BlackRock Saudi Arabia

Income Statement for the Period from 27 November 2018 to 31 December 2019

	Note	2019 SAR 000
Revenue	4	2,713
Administrative expenses		(3,061)
Other operating income		830
Other operating expenses		(235)
Operating profit	5	247
Finance costs	6	(36)
Profit before tax		211
Income tax expense	9	(42)
Profit for the period		169

The above results were derived wholly from continuing operations.

The notes on pages 13 to 34 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Comprehensive Income for the Period from 27 November 2018 to 31 December 2019

	2019 SAR 000
Profit for the period	169
Other comprehensive income:	
Items that may be reclassified subsequently to profit or loss	
Foreign currency translation gains	2
Total comprehensive income for the period	171

The notes on pages 13 to 34 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Financial Position as at 31 December 2019

	Note	31 December 2019 SAR 000
Assets		
Non-current assets		
Property and equipment	10	89
Right of use assets	11	931
		1,020
Current assets		
Trade and other receivables	12	3,306
Deferred tax asset		2
Cash and cash equivalents	13	12,058
		15,366
Total assets		16,386
Equity and liabilities		
Equity		
Share capital	14	12,200
Foreign currency translation reserve		2
Statutory reserve	15	17
Retained earnings		152
Total equity		12,371
Non-current liabilities		
Employees' benefits		7
Current liabilities		
Trade and other payables	17	4,008
Total liabilities		4,015
Total equity and liabilities		16,386

Approved by the Board on 26 March 2020 and signed on its behalf by:

N J Charrington - Chairman of the Board
Director

The notes on pages 13 to 34 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Changes in Equity for the Period from 27 November 2018 to 31 December 2019

	Share capital SAR 000	Foreign currency translation reserve SAR 000	Statutory reserve SAR 000	Retained earnings SAR 000	Total SAR 000
New share capital subscribed	12,200	-	-	-	12,200
At 27 November 2018	-	-	-	-	-
Profit for the period	-	-	-	169	169
Other comprehensive income	-	2	-	-	2
Total comprehensive income	-	2	-	169	171
Transfer to statutory reserve	-	-	17	(17)	-
At 31 December 2019	12,200	2	17	152	12,371

The notes on pages 13 to 34 form an integral part of these financial statements.

BlackRock Saudi Arabia

Statement of Cash Flows for the Period from 27 November 2018 to 31 December 2019

	Note	2019 SAR 000
Cash flows from operating activities		
Profit for the period		169
Adjustments to cash flows from non-cash items:		
Depreciation	5	24
Amortisation on right of use assets	11	1,137
Finance costs	6	36
Income tax expense	9	42
		1,408
Working capital adjustments:		
Increase in trade and other receivables	12	(3,306)
Increase in trade and other payables	17	4,008
Increase in end of service benefits		7
Cash generated from operations		2,117
Income taxes paid		(44)
Interest expense on leases		(36)
Net cash flow from operating activities		2,037
Cash flows from investing activities		
Right of use asset		(2,068)
Acquisitions of property and equipment	10	(113)
Net cash flows from investing activities		(2,181)
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs		12,200
Net increase in cash and cash equivalents		12,056
Cash and cash equivalents at 27 November 2018		-
Effect of exchange rate fluctuations on cash held		2
Cash and cash equivalents at 31 December 2019		12,058

The notes on pages 13 to 34 form an integral part of these financial statements.

1 General information

The company is a single shareholder closed joint stock company registered under commercial registration number 1010479419 dated 19 Rabi I, 1440H (November 27, 2018). The company is owned 100% by BlackRock Group Limited.

The principal activities of the company are to conduct securities arranging and advising services, pursuant to the Saudi Arabian General Investment Authority ("SAGIA") license number 10211391284420 dated 5 Thul-Hijja 1439H (16 August 2018) and the Capital Market Authority license number 18-192-30 dated 4 Thu-Qida 1439H (17 July 2018).

The directors do not expect the principal activity of the company to change during 2020.

The address of its registered office is:
Level 29
Olaya Towers
Riyadh
11523

These financial statements were authorised for issue by the Board on 26 March 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by SOCPA in the Kingdom of Saudi Arabia as well as other standards and pronouncements issued by SOCPA.

The financial statements have been prepared on the historical cost basis, except for the revaluation of any financial instruments at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Financial reporting period

The financial reporting period of the financial statements contains the period 27 November 2018 up to and including 31 December 2019. There are no comparative figures as this is the company's first set of financial statements.

2 Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Report on pages 1 to 5 along with principal risks and uncertainties.

In assessing the going concern status, the directors have taken into account the above factors, including the financial position of the company and in particular the significant net-cash position. The company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next 12 months. This provides the directors with the confidence that the company is well placed to manage its business risks successfully.

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Changes in accounting policy

New standards, interpretations and amendments adopted

On 1 January 2019, the company adopted the following new and revised IFRS that was effective from that date and was relevant to its operations.

IFRS 16 'Leases'

From 1 January 2019, the company has applied IFRS 16 'Leases' (as issued by the International Accounting Standards Board in January 2016), replacing International Accounting Standards ("IAS") 17 'Leases'.

IFRS 16 removes the distinction between operating and finance leases and requires the recognition of a right-of-use asset and a lease liability at the commencement date for all leases, except for those identified as low-value or having a remaining lease term of less than 12 months from 1 January 2019, the date of initial application.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet adopted

None of the standards, interpretations and amendments which are effective for periods beginning after 27 November 2018 and which have not been adopted early, are expected to have a material effect on the financial statements.

2 Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to investment advisory and administration fees. Revenue is recognised upon transfer of control of promised services to customers, i.e. when (or as) a performance obligation is satisfied, in an amount that reflects consideration to which the company expects to be entitled in exchange for those services (the "transaction price"), net of VAT. The company enters into contracts that can include multiple services and, in certain instances, may charge a "unitary fee" to cover these services. Such fees are accounted for separately if they are determined to be distinct. Consideration for the company's services is generally in the form of variable consideration because the amount of fees is subject to market conditions that are outside the company's influence. The company includes variable consideration as part of its transaction price when it is highly probable that a significant reversal will not occur, i.e. when the associated uncertainty is resolved. For some contracts with customers, the company involves third parties and related parties in providing services to the customer. Generally, the company is deemed to be the principal in these arrangements because the company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements, and how these are measured and recognised, for revenue from the provision of services:

- Investment advisory and administration fees: The fees are recognised as the services are performed over time. Such fees are primarily based on agreed-upon percentages of net asset value, AUM or committed capital. These fees are affected by changes in net asset value, AUM or committed capital, including market appreciation or depreciation, foreign exchange translation and net inflows or outflows. Investment advisory and administration fees for investment funds are shown net of fees waived pursuant to contractual expense limitations of the funds or voluntary waivers. Fees are generally invoiced monthly in arrears. In certain cases, fees may be invoiced quarterly in advance. In such cases, the company records contract liabilities to the extent that it receives cash prior to meeting the revenue recognition criteria (e.g. when amounts are received from customers in advance of the relevant service being provided).

Foreign currency transactions and balances

The financial statements are prepared in SAR. The currency of the primary economic environments in which the company operates is US Dollar (its functional currency). The directors of the company have approved the adoption of SAR as the presentation currency in order to provide a better understanding of the company.

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the income statement in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences on non-monetary items, measured at fair value through profit or loss ("FVTPL"), are reported as part of the fair value gain or loss in the income statement in the period in which they arise. Exchange differences on non-monetary items, measured at fair value through other comprehensive income ("FVTOCI"), are reported as part of the fair value gain or loss in other comprehensive income in the period in which they arise.

The assets and liabilities of the company's foreign operations are translated into the company's presentation currency, which is SAR, using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2 Accounting policies (continued)

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries in which the company operates and generates taxable income.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the company intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Property and equipment

Property and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and accumulated impairment losses.

The cost of property and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost less estimated residual value of non-current assets, other than land and properties under construction, over their estimated useful lives as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	Straight-line basis over three to seven years
Right-of-use assets	Straight-line basis over the shorter of estimated useful life or the term of the lease.

2 Accounting policies (continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property or equipment is determined by the difference between sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date which is regarded as their cost. These are subsequently reported at cost less accumulated amortisation and impairment losses, on the same basis as intangible assets that are acquired separately.

The company carries out impairment reviews in respect of intangible assets at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the income statement when the asset is derecognised.

Employees' benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of each reporting date.

A provision is also made for the full amount of end of service benefits due to employees in accordance with the company's policy, which is at least equal to the benefits payable in accordance with Saudi Arabian Labour Law, for their period of service up to the date of each reporting period. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset (the "underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset; and
- Direct the use of the underlying asset.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e. non-lease components), the company has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

2 Accounting policies (continued)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments not yet paid at the commencement date. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate. The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments.

Interest on the lease liability in each period during the lease term is equal to the company's incremental borrowing rate. Interest charges are included in finance costs in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability are included in operating expenses in the period in which the event or condition that triggers them arises. The related right-of-use asset is accounted for using the Cost model in IAS 16 'Property, Plant and Equipment' and depreciation is charged in accordance with the requirements of IAS 16 as disclosed in the accounting policy for property, plant and equipment. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 'Impairment of assets' as disclosed in the accounting policy.

2 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases. If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification. For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 'Leases' requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification. For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short-term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less. The company has also made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value. Lease payments on short-term and low value leases are accounted for on a straight line basis over the term of the lease or other systematic basis if considered more appropriate. Short-term and low value lease payments are included in operating expenses in the income statement.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding property and equipment, right-of-use assets, deferred tax assets and lease liabilities.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial asset or financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

2 Accounting policies (continued)

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:
- financial assets at amortised cost;
- financial assets at FVTOCI; or
- financial assets at FVTPL.

Financial liabilities are classified into one of the following two categories:
- financial liabilities at amortised cost; or
- financial liabilities at FVTPL.

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions:
- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

The company's financial assets measured at amortised cost comprise cash and cash equivalents and trade and other receivables.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Income is recognised on an effective interest basis for financial assets other than those financial assets classified as FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method. The company's financial liabilities measured at amortised cost comprise of trade and other payables.

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when:
• the contractual rights to the cash flows from the financial asset expire;
• it transfers the right to receive the contractual cash flows in a transaction in which 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.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the income statement.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses ("ECL") on financial instruments that are not measured at FVPTL, namely:

• Financial assets that are debt securities; and
• Trade and other receivables

The ECL model anticipates impairment losses by recognising them over the lifetime expected of the financial instrument including that which is forward looking.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the full amount of the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

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

• debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
• other financial instruments on which the credit risk has not increased significantly since their initial recognition.

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'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

For assets held at amortised cost, provisions for credit-impairment are recognised in the income statement and are reflected in accumulated provision balances against each relevant financial instruments balance. For assets held at FVTOCI the loss is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

2 Accounting policies (continued)

Evidence that the financial asset is credit-impaired include the following;

• Significant financial difficulties of the borrower or issuer;
• A breach of contract such as default or past due event;
• The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
• It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
• The disappearance of an active market for the security because of financial difficulties; or
• There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

For trade and other receivables, the company applies a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Based on the analysis at the end of the reporting period, the impairment on the company's assets are considered to be immaterial and no allowance has been recognised in the financial statements.

Financial liabilities and equity instruments
Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the company's own equity instruments.

Reclassification of financial assets and liabilities
Financial assets are reclassified under IFRS 9 'Financial Instruments' only when the company's business model for managing financial assets changes.

Financial liabilities cannot be reclassified under IFRS 9.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined as follows:
• the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices ("level 1");
• the fair values of other financial assets and liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments ("level 2");
• the fair values of financial assets and financial liabilities are derived from valuation techniques that are not based on observable market data (unobservable market inputs) ("level 3").

Accounting estimates and assumptions
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Key sources of estimation uncertainty

There were no key assumptions concerning the future, or other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Revenue

	2019 SAR 000
Investment advisory and administration fees	2,713

Disaggregated revenue information is provided below:

Analysis by geographical location	**2019 SAR 000**
United States of America	2,432
United Kingdom	188
Ireland	93
	2,713

5 Operating profit

Arrived at after charging/(crediting)

	2019 SAR 000
Depreciation expense	24
Amortisation on right of use assets	1,137
Expense on short term leases	211

6 Finance income and costs

	2019 SAR 000
Finance costs	
Interest expense on leases	36

7 Staff costs

The aggregate payroll costs were as follows:

	2019 SAR 000
Wages and salaries	1,289
Social security costs	10
	1,299

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	2019 SAR 000
Short-term benefits	1,259
Post-employment benefits	7
	1,266

This is based on an allocation of the directors' time on the company in addition to the salary costs of those employed directly by the company.

9 Income tax

Tax charged/(credited) in the income statement

	2019 SAR 000
Current taxation	
Corporation tax	44
Deferred taxation	
Arising from origination and reversal of temporary differences	(2)
Tax expense in the income statement	42

Deferred tax

Deferred tax assets and liabilities

2019	Asset SAR 000
Accelerated tax depreciation	2

Deferred tax movement during the period:

	At 27 November 2018 SAR 000	Recognised in income SAR 000	At 31 December 2019 SAR 000
Accelerated tax depreciation	-	2	2

10 Property and equipment

	Furniture, fittings and equipment SAR 000
Cost	
At 27 November 2018	-
Additions	113
At 31 December 2019	113
Depreciation	
Charge for the period	24
At 31 December 2019	24
Carrying amount	
At 31 December 2019	89

11 Right-of-use assets

	Property SAR 000
Cost	
At 27 November 2018	-
Additions	2,068
At 31 December 2019	2,068
Amortisation	
Charge for the period	1,137
At 31 December 2019	1,137
Carrying amount	
At 31 December 2019	931

See note 16 for further information on leases.

12 Trade and other receivables

	Note	31 December 2019 SAR 000
Receivables from group companies	20	3,253
Other receivables		53
		3,306

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 19 'Financial risk review'.

13 Cash and cash equivalents

	31 December 2019 SAR 000
Cash at bank	12,058

The interest rate on the cash at bank is 0%.

14 Share capital

Allotted, called up and fully paid shares

	No. 000	31 December 2019 SAR 000
Ordinary shares of SAR 10 each	1,220	12,200

New shares allotted

During the period 1,220,000 ordinary of SAR 10 were allotted for an aggregate consideration of SAR 12,200,000.

15 Statutory reserve

In accordance with Saudi Arabian Regulations for Companies and its By-Laws, the company is required to transfer 10% of its net income annually to a statutory reserve until such reserve equals 30% of the paid up capital as a minimum. This reserve is not available for distribution to the shareholders.

15 Statutory reserve (continued)

	2019 SAR 000
At 27 November 2018	-
Transfer to statutory reserve	17
At 31 December	17

16 Leases

The company has leases for its office building. The average remaining lease term is 1 year.

On adoption of IFRS 16 on 1 January 2019, the office lease had a remaining term of less than 12 months and therefore met the short-term lease exemption. In February 2019, the lease was renewed until September 2020, so no longer met the short-term exemption. Accordingly, a right-of-use asset and lease liability were recognised.

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	31 December 2019 SAR 000
Less than one year	951

Total cash outflow for leases for the period ended 31 December 2019 was SAR 1,374,000.

17 Trade and other payables

	Note	31 December 2019 SAR 000
Accrued expenses		1,247
Amounts due to group companies	20	1,756
Lease liability		941
Social security and other taxes		20
Corporation tax liability		44
		4,008

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 19 'Financial risk review'.

18 Classification of financial assets and financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2019 was as follows:

	Financial assets & liabilities at amortised cost SAR 000
Assets	
Current assets	
Trade and other receivables	3,306
Cash and cash equivalents	12,058
Liabilities	
Current liabilities	
Trade and other payables	(3,964)

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables and trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their value after taking into account ECLs. At the statement of financial position date no allowance has been recognised for impairment of trade and other receivables as ECLs are considered to be immaterial.

19 Financial risk review

This note presents information about the company's exposure to financial risks and the company's management of capital.

Credit risk and impairment

Credit risk arises in relation to trade receivables, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations, and other asset investments. The risk of default in relation to trade receivables arising from fee income debtors is considered low and the company minimises exposure to credit risk with respect to trade receivables by actively pursuing settlement of outstanding management fee invoices and performance fees within the terms and conditions of the underlying agreement. Intercompany balances are managed centrally and agreed upon and settled on a regular basis.

A receivable will not be impaired unless the expected cash flows, discounted at the original effective interest rate, are less than the carrying value.

The carrying amount of the financial assets disclosed in note 18 represents the company's maximum exposure to credit risk as no collateral or credit enhancements are held.

Liquidity risk

Liquidity risk is the risk that the company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The company monitors cash flow projections and has regard to forthcoming liquidity when determining the amounts available for distribution to shareholders.

The company seeks to manage funds and liquidity requirements on a pooled basis and as such ensures that sufficient liquid assets and standby facilities are maintained to meet a prudent estimate of its net cash outflows.

Maturity analysis

The following tables set out the remaining contractual maturities of the company's financial liabilities by type:

2019	Within 1 year
Non-derivative liabilities	**SAR 000**
Current financial liabilities	1,756

Market risk

Market risk is the risk that the company's capital and/or earnings may be impacted by changes in foreign exchange rates.

19 Financial risk review (continued)

Foreign exchange risk

Foreign exchange risk arises where the company's foreign currency assets are not matched by liabilities denominated in the same currency. In addition, foreign exchange exposures arise on a transactional basis largely in relation to fee income which is denominated in non-functional currencies. The company derives revenues from investment advisory and administration fees and investment advisory and performance fees in three main currencies being US Dollar, SAR and Sterling. Expenses are mainly denominated in SAR and as a consequence the company's revenues may fluctuate as a result of US Dollar and Sterling exchange movements.

Foreign currency exposures are monitored regularly and minimised. Foreign currency exposures that arise in relation to non-operational items are usually large in nature and are managed on a case-by-case basis. Foreign currency exposures relating to intercompany payables and receivables with other BlackRock group entities are managed utilising foreign exchange forward contracts.

Sensitivity analysis

The sensitivity analysis covers the financial instruments at the statement of financial position date and assumes changes in market variables. It should however be noted that due to the inherent uncertainty in the world of financial markets the assumptions made may differ significantly from the actual outcome particularly as market risks tend to be interdependent and are therefore unlikely to move in isolation.

US Dollar exchange rates are assumed to increase or decrease by 20%. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

If the US Dollar exchange rate increased by 20%, net assets would decrease by SAR 1.5m.
If the US Dollar exchange rate decreased by 20%, net assets would increase by SAR 2.3m.

Capital management

The company's objectives when managing capital are:

• to safeguard the company's ability to continue as a going concern;
• to satisfy the requirements of its regulators; and
• to maintain financial strength to support new business growth.

The company's policy is to maintain an appropriate level of capital resources above regulatory requirements. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

20 Related party transactions

Summary of transactions with subsidiaries

The company outsources certain investment management functions to other group companies.

The company and its related parties transact with each other in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms which are approved by the management.

Income and receivables from related parties

	Subsidiary
2019	**SAR 000**
Amounts receivable from related party	3,253

Expenditure with and payables to related parties

	Subsidiary
2019	**SAR 000**
Amounts payable to related party	1,756

21 Non adjusting events after the financial period

The existence of a novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activity. The company considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the company.