

BMG FINANCIAL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023

BMG FINANCIAL GROUP COMPANY

(A Saudi Closed Joint Stock Company)

Financial statements for the year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT**TO THE SHAREHOLDER
BMG FINANCIAL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
JEDDAH- SAUDI ARABIA****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Qualified opinion**

We have audited the accompanying financial statements of "BMG Financial Group Company" - "The Company", which comprise the statement of financial position as at December 31, 2023, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes 1 to 21 thereon, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters stated in Basis for Qualified Opinion of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standard (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for qualified opinion

- As per note 7 to the financial statements, the company did not take into account amount of SR 7.156 million while calculating Expected Credit Loss in accordance with IFRS 9. The Company is confident that this amount is recoverable, as evidenced by a revised signed agreement indicating that the amount will be recovered in 2024. Accordingly, if the required assessment had been carried on this balance, the net trade receivables and the net income for the year would have been reduced by the same amount respectively.

We conducted our audit in accordance with International Standards on Auditing ("ISAs") adopted in Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' 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 in Saudi Arabia, 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 qualified opinion.

Emphasis of matter

We draw attention to note 9.1 to the financial statements, the cash and cash equivalent includes the bank balance of SR 1,149,606 (2022: SR 2,327,394). The Company's bank account is inactive and not operative as of year end. The Company is in process of updating the required information with the bank. Our opinion is not modified in this regard.

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDER
BMG FINANCIAL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
JEDDAH- SAUDI ARABIA**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Responsibilities of Management and those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), the Companies' Act Provisions 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.

Upon preparation of 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 choice of an appropriate alternative but to do so.

Those charged with governance and the Board of Directors are responsible for overseeing the company's financial reporting process.

Auditors' 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 auditors' 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 ISAs adopted in Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs approved in Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDER
BMG FINANCIAL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
JEDDAH- SAUDI ARABIA**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

- 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.

Report on Other Legal and Regulatory Requirements

- As disclosed in note 16.1 to the financial statements, the due from related parties' balance includes SR. 1,619,302 (2022: SR. 1,556,828) due from the shareholder, which is in contravention with the Article 73 of the Regulations for Companies.
- The Company's registration with the General Organization for Social Insurance (GOSI) has expired. The Company is in the process of renewal.
- As per Article 21 of the Articles of Association, Board of Directors should meet at least four times a year. However, as per management statement, no board meetings were held during the year due to reasons beyond their control.
- As per the general assembly meeting held on 26 February 2023, three directors were appointed in order to be compliant with Articles of Association. The Article 15 states that each member of the Board must own shares worth at least SR 10,000. However, one of the appointed member of the Board does not hold any share.

Jeddah: May 21, 2024
Dhul-Qa'dah 13, 1445

**FOR EL SAYED EL AYOUTY & CO.**

**Mohamed El Ayouty
Certified Public Accountant
License No. (211)**

BMG FINANCIAL GROUP COMPANY

(A Saudi Closed Joint Stock Company)

Statement of financial position

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at December 31,	
		2023	2022
Assets			
Non-current assets			
Property and equipment, net	6	34,619	57,155
Total non-current assets		34,619	57,155
Current assets			
Trade receivables	7	9,399,509	7,686,071
Due from related parties	16.1	2,144,302	2,081,828
Prepayments and other receivables	8	230,408	227,486
Cash and cash equivalents	9	1,166,732	2,344,520
Total current assets		12,940,951	12,339,905
Total assets		12,975,570	12,397,060
Equity and liabilities			
Equity			
Share capital	10	5,000,000	5,000,000
Statutory reserves	11	731,919	658,089
Accumulated profit		1,501,827	877,087
Total equity		7,233,746	6,535,176
Non-current liabilities			
Employees defined benefit obligations	12.1	418,514	351,607
Total non-current liabilities		418,514	351,607
Current liabilities			
Due to related parties	16.2	3,588,833	3,597,152
Deferred income	13	390,670	390,670
Accrued expenses and other payables	14	934,043	1,157,884
Zakat and income tax payable	15.2	409,764	364,571
Total current liabilities		5,323,310	5,510,277
Total liabilities		5,741,824	5,861,884
Total equity and liabilities		12,975,570	12,397,060

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

BMG FINANCIAL GROUP COMPANY

(A Saudi Closed Joint Stock Company)

Statement of Comprehensive Income

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended December 31,	
		2023	2022
Revenue		3,788,750	9,162,440
Operating expenses			
General and administrative expenses	17	(2,741,633)	(2,618,165)
Written-off receivable balances	7	-	(108,410)
Provision for doubtful debts	7.2	-	(773,260)
Provision for employee defined benefit obligations	12.2	(41,178)	(32,315)
Total operating expenses		(2,782,811)	(3,532,150)
Profit from operations		1,005,939	5,630,290
Other income		-	2,832
Net income for the year before zakat and income tax		1,005,939	5,633,122
Zakat and income tax	15.1	(267,640)	(228,544)
Net income for the year		738,299	5,404,578
Other comprehensive income:			
Items not to be reclassified subsequently to profit or loss:			
Loss on re-measurement of employees defined benefit obligations	12.3	(39,729)	(32,140)
Total comprehensive income for the year		698,570	5,372,438
Income per share:			
Number of shares	10	500,000	500,000
Net income per share		1.40	10.74

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

BMG FINANCIAL GROUP COMPANY

(A Saudi Closed Joint Stock Company)

Statement of changes in equity

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Accumulated (losses)/ profit	Total equity
As at January 01, 2022	5,000,000	117,631	(3,954,893)	1,162,738
Net income for the year		-	5,404,578	5,404,578
Total comprehensive loss for the year	-	-	(32,140)	(32,140)
Balance transfer to statutory reserve	-	540,458	(540,458)	-
As at December 31, 2022	<u>5,000,000</u>	<u>658,089</u>	<u>877,087</u>	<u>6,535,176</u>
As at January 01, 2023	5,000,000	658,089	877,087	6,535,176
Net income for the year		-	738,299	738,299
Total comprehensive loss for the year	-	-	(39,729)	(39,729)
Balance transfer to statutory reserve	-	73,830	(73,830)	-
As at December 31, 2023	<u>5,000,000</u>	<u>731,919</u>	<u>1,501,827</u>	<u>7,233,746</u>

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

BMG FINANCIAL GROUP COMPANY

(A Saudi Closed Joint Stock Company)

Statement of cash flows

(All amounts in Saudi Riyals unless otherwise stated)

		Year ended December 31,	
	Notes	2023	2022
Operating activities			
Net profit for the year before zakat and income tax		1,005,939	5,633,122
Adjustments to reconcile net loss to net cash Provided by operating activities:			
Depreciation	6	29,504	23,666
Written-off receivable balances	7	-	108,410
Provision for doubtful debts	7.2	-	773,260
Provision for employee defined benefit obligations	12.2	41,178	32,315
		1,076,621	6,570,773
Changes in operating assets and liabilities			
Trade receivables		(1,713,438)	(7,247,747)
Prepayments and other receivables		(2,922)	(120,097)
Accrued expenses and other payables		(223,841)	(33,536)
Cash used in operating activities		(863,580)	(830,607)
Employee defined benefit obligations paid	12.1	(14,000)	(110,130)
Zakat paid	15.2	(222,447)	(199,558)
Net Cash used in operating activities		(1,100,027)	(1,140,295)
Investing activities			
Addition to property and equipment	6	(6,968)	(22,449)
Net cash used in investing activities		(6,968)	(22,449)
Financing activities			
Net funds provided by shareholder		(70,793)	2,662,746
Net cash (used in)/ provided by financing activities		(70,793)	2,662,746
Net (decrease)/ increase in cash and cash equivalents		(1,177,788)	1,500,002
Cash and cash equivalents at beginning of the year		2,344,520	844,518
Cash and cash equivalents at the end of the year		1,166,732	2,344,520

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

BMG FINANCIAL GROUP COMPANY

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Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

1. General

- 1.1. BMG Financial Group ("the Company") a Saudi closed joint stock company formed under the Regulation for Companies in the Kingdom of Saudi Arabia with Commercial Registration No. 1010256000 on Ramadan 7, 1429H (September 7, 2008) registered in Riyadh, expiring on Ramadan 7, 1445 (corresponding to March 17, 2024).
- 1.2. The Capital Market Authority ("CMA") issued License No. 07054-37 dated Safar 21, 1428H (March 11, 2007) as amended by CMA's Decision No. 2008225 on Jumada Al Thani 19, 1429H (June 23, 2008) having expiry till Dhul Qadah 9, 1441 H (June 30, 2020). Later, the CMA further renewed this license for the period from Dhul Hijjah 02, 1443 H (July 01, 2022) to Dhul-Hijjah 12, 1444 (June 30, 2023).
- 1.3. The Company obtained its Saudi Arabian General Investment Authority ("SAGIA") license No. 1052/2 dated Shaban 8, 1429 H (August 10, 2008), which has expired on Shawwal 29, 1432 (corresponding to September 27, 2011).
- 1.4. During the year ended 31 December 2016, the Company has entered into an agreement with its shareholder dated 13 Rajab 1437H corresponding to 20 April 2016, wherein Beltone, Financial Holding S.A.E (Egyptian Partner) has transferred all of its shares to a local shareholder. The legal process of transferring foreign shareholding to the local shareholder were completed in 2021 (refer note 10).
- 1.5. The Ministry of Commerce and Investment commenced the implementation of the new Companies Regulations effective Rajab 25, 1437H corresponding to May 02, 2016 ("the effective date"). The new Regulations shall replace the Companies Regulations promulgated by Royal Decree No. M/6 dated 22 Rabi Awwal 1385H and it shall supersede all provisions that are inconsistent therewith. Companies existing as at the effective date of the regulations shall make all necessary amendments to their Article of Association to comply with the requirements of the provisions of the new companies regulations within a period of one year of the effective date of the Companies Regulations. Legal formalities to amend the Company's Article of Association according to new Regulations were completed and approved by the Ministry.
- 1.6. The principal activities of the Company are arranging and rendering financial advisory services.
- 1.7. The Company's registered office is located at Al Mukmal Plaza, Palestine Street, Al Hamra District, P.O Box 52972, Jeddah 21573. Kingdom of Saudi Arabia.

BMG FINANCIAL GROUP COMPANY

(A Saudi Closed Joint Stock Company)

Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation

2.1. Statements of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") for and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), the requirements of the Saudi Regulations for Companies and the Company's Articles of Association in so far as they relate to the preparation and presentation of the financial statements.

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis except for employees defined benefit obligations which are measured using a simplified projected unit credit method.

2.3. Functional and presentation currency

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

3. Significant accounting estimates, assumptions and judgments

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

3.1. Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

3.2. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

BMG FINANCIAL GROUP COMPANY

(A Saudi Closed Joint Stock Company)

Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

3 Significant accounting estimates, assumptions and judgments (Continued)

3.2. Key sources of estimation uncertainty (Continued)

3.2.1. Impairment of non-financial assets

At each reporting date, all non-financial assets are reviewed to determine whether there are any indications that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of comprehensive income.

3.2.2. Impairment of financial assets

The Company's determination of Expected Credit Losses ("ECL") in trade receivables, contracts assets and due from related parties requires the Company to take into consideration certain estimates for forward looking factors while calculating the probability of default. These estimates may differ from actual circumstances. Refer note 5.2 for detailed explanations for impairment of financial assets.

3.2.3. Assumptions for employees' defined benefit obligations

The cost of employees' defined benefits is the present value of the related obligation, as determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and withdrawal before normal retirement age, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, employees' defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. With respect to determining the appropriate discount rate, yield and duration of high-quality bonds obligation, as designated by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the employees' defined benefit obligation.

3.2.4. Useful lives of property and equipment

The management determines the estimated useful lives property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

3.2.5. Contingent liabilities

Contingent liabilities are determined by the likelihood of occurrence or non-occurrence of one or more uncertain future events. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

3.2.6. Zakat and income tax

The Company is subject to the legislation of Zakat, Tax and Customs Authority ("ZATCA"). Accrual of Zakat is recognized in the statement of income. Additional zakat liability, calculated by Authorities, if any, related to prior years zakat declaration is recognized in the year in which final declaration is issued.

BMG FINANCIAL GROUP COMPANY

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Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

4. Standards, Interpretations and Amendments to existing Standards

4.1. New IFRSs effective and adopted by the Company

The below lists shows the recent changes to International Financial Reporting Standards ("IFRSs") that are required to be applied by the Company with an annual reporting period beginning on or after January 1, 2022. The adoption of the above amendments had no significant impact on the Company's financial statements.

Title	Effective date
Insurance contracts and amendments – IFRS 17	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023
International Tax Reform – Pillar Two Model Rules- Amendment to IAS 12	23 May 2023

4.2. New IFRSs, IFRIC and amendments thereof issued but not yet effective

The below IFRSs, amendments to and interpretations of standards that are issued but not effective. The listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards, where applicable, when they become effective.

Standards/ Interpretation	Name of standard, amendment, or interpretation	Effective from periods beginning on or after the following date
IAS 1	Classification of liabilities as current or noncurrent (Amendments to IAS 1)	1 January 2024
IAS 1	Non-current liabilities with covenants (Amendments to IAS 1)	1 January 2024
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely
IFRS 16	Lease liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

BMG FINANCIAL GROUP COMPANY

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Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

5. Summary of significant accounting policies

The significant accounting policies set of below have been applied consistently in these financial statements, unless otherwise stated.

5.1. Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The rates used for the depreciation of property and equipment are as follow:

Assets category	Rates
• Office equipment	15%
• Furniture and fixtures	10%
• Leasehold improvement	10%
• Motor vehicles	20%

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in statement of comprehensive income, and included in 'other income'.

5.2. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

Classification and measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All instruments are measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

De-recognition

The Company derecognizes a financial asset when the contractual cash flows from the asset expire, or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation, or the contract is cancelled or expires.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

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Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

5 Summary of significant accounting policies (continued)

5.2 Financial instruments (continued)

5.2.1 Financial assets

Initial recognition and measurement

The company initially recognizes receivables issued on the date of their inception and all other financial assets and financial liabilities when the company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financial component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Classification and subsequent measurement

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

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

Debt instruments that meet the following conditions are subsequently measured at Fair Value through Other Comprehensive Income ("FVTOCI"):

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

By default, all other financial assets are subsequently measured at Fair Value through Profit or Loss ("FVTPL").

Despite the above, the Company may make the following irrevocable election / designation at the initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Investments at FVTPL

Financial assets which are equity instruments of other entity and are subsequently measured at fair value are initially recognized at the fair value of the asset. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

Loans and receivables

Receivables are initially recognized at the transaction price. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. The losses arising from impairment are recognized in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and cash in hand, all with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and cash at the bank.

BMG FINANCIAL GROUP COMPANY

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Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

5 Summary of significant accounting policies (continued)

5.2 Financial instruments (continued)

5.2.1 Financial assets (continued)

Impairment of financial assets

At each reporting date, the Company applies a simplified approach to measure expected credit losses ("ECL") on financial assets accounted for at amortized cost to which impairment is applicable.

Trade receivables, due from related parties and contract assets are the relevant financial assets of the Company which are subject to impairment. Trade receivables are carried at amortized cost less allowances for credit losses. They generally do not contain a significant financing component.

The loss allowance measurement is then determined by applying a simplified approach equaling to the lifetime expected credit losses. Under this approach, the tracking of changes in credit risk is not required but instead, the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Credit losses are recognized in the statement of profit or loss and reflected in allowances for credit losses. When a subsequent event causes the amount of credit loss to decrease, the decrease in credit loss is reversed through the statement of profit or loss.

When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the provision. The amount of the reversal is recognized in the statement of profit or loss.

Other financial assets such as employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

5.2.2 Financial liabilities

Recognition and measurement

Financial liabilities are classified as fair value through profit or loss and loans and borrowings as appropriate. The Company's financial liabilities include trade payables, due to related parties and accruals and other payables.

Trade payables and accruals

Liabilities are recognised for amounts to be paid in the future for services received or when the risks and rewards associated with goods are transferred to the Company, whether billed by the supplier or not.

Loans and borrowings

Short term and long term loans are derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financing liability is replaced by another from the same lender on substantial different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

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5. Summary of significant accounting policies (continued)

5.3 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed (other than for goodwill) if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

5.4 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect of time value of money is material, provisions are determined by discounting the expected cash flows at a rate that reflects a current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Employees' defined benefit obligations

Employees' defined benefit obligations are calculated in accordance with the Saudi Labor Law. The liability is initially calculated at the current value of the vested benefits to which an employee is entitled, should they be terminated at the financial position date. The Company's end of service benefits qualifies as a defined benefit plan. Defined Benefit Obligation ("DBO"), which is the liability initially calculated, re-measured on a yearly basis using the actuarial assumptions under the projected unit credit method. The actuarial valuation process takes into consideration the provisions of the Saudi Labor Law, Workmen Law as well as the Company policy. All assumptions are reviewed at each reporting date. With respect to its national employees, the Company makes contributions to the General Organization for Social Insurance ("GOSI"), calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

5.5 Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2: Inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

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5. Summary of significant accounting policies (continued)

5.5 Fair value measurement (continued)

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5.6 Current versus non-current classification

The Company presents assets and liabilities in the financial statements based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All the assets other than as mentioned above are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All liabilities, other than as mentioned above are classified as non-current.

5.7 Related party transactions

Disclosures have been made in respect of the transactions between parties who have been defined as related parties as per requirements of IFRS. The related disclosures are outlined in detail in note 16.

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5 Summary of significant accounting policies (continued)

5.8 Revenue

Revenue is recognized in the Company's statement of profit or loss and other comprehensive income when the control of an asset is passed, either over time or at a point in time to a customer. Control of an asset is defined as the ability to direct the use of and substantially obtain all the benefit from an asset. The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify the contract(s) with customers:

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in a contract:

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price:

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract:

For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation:

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

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

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably. The Company recognized as revenue, the amount of the transaction price that is allocated to that performance obligation.

Revenue from contracts with customers is external revenue that is earned from the provision of services that are output of the Company for consideration.

5.9 Operating expenses

The nature of activities of the Company are such that direct costs cannot be specifically identified. Therefore, all the costs and charges are classified under operating expenses.

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5 Summary of significant accounting policies (continued)

5.10 Contingencies and commitments

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable and material.

5.11 Dividends

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

5.12 Zakat and income tax

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

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

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6. Property and equipment, net

	Office equipment	Furniture & fixtures	Leasehold improvement	Motor vehicle	Total
Cost					
Balance as at January 1, 2022	938,208	237,806	402,930	550,886	2,129,830
Additions during the year	22,449	-	-	-	22,449
Balance as at December 31, 2022	960,657	237,806	402,930	550,886	2,152,279
Balance as at January 1, 2023	960,657	237,806	402,930	550,886	2,152,279
Additions during the year	5,568	1,400	-	-	6,968
Balance as at December 31, 2023	966,225	239,206	402,930	550,886	2,159,247
Accumulated depreciation					
Balance as at January 1, 2022	931,195	235,201	354,181	550,881	2,071,458
Depreciation for the year	3,325	1,004	19,337	-	23,666
Balance as at December 31, 2022	934,520	236,205	373,518	550,881	2,095,124
Balance as at January 1, 2023	934,520	236,205	373,518	550,881	2,095,124
Depreciation for the year	8,892	1,275	19,337	-	29,504
Balance as at December 31, 2023	943,412	237,480	392,855	550,881	2,124,628
Net book value on December 31, 2023	22,813	1,726	10,075	5	34,619
Net book value on December 31, 2022	26,137	1,601	29,412	5	57,155

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7. Trade receivables

	Note	2023	2022
Trade receivables	7.1	9,797,769	8,966,441
Written off during the year		-	(108,410)
Less: Provision for doubtful debts	7.2	<u>(398,260)</u>	<u>(1,171,960)</u>
		<u>9,399,509</u>	<u>7,686,071</u>

7.1. The trade receivable balance include an amount of SR. 7.156 million outstanding from previous years. The Company is highly confident that this amount is recoverable. This confidence is backed by management's thorough assessment and the client's commitment, as evidenced by a revised signed agreement, dated June 30, 2023, indicating that the amount will be recovered in 2024.

7.2. Movement in provision for doubtful debts:

	2023	2022
January 01,	1,171,960	398,700
Provided during the year	-	773,260
Written off during the year	<u>(773,700)</u>	<u>-</u>
December 31,	<u>398,260</u>	<u>1,171,960</u>

7.3. Aging of the trade receivables is as follow:

	2023	2022
Past due 1-120 days	2,113,438	530,000
Past due 121-365 days	-	7,156,071
Past due more than 365 days	<u>7,684,331</u>	<u>1,280,370</u>
	<u>9,797,769</u>	<u>8,966,441</u>

8. Prepayments and other receivables

Prepaid rent	120,310	125,798
Employee advances	71,613	84,871
Others	<u>38,485</u>	<u>16,817</u>
	<u>230,408</u>	<u>227,486</u>

9. Cash and cash equivalents

Cash at bank	9.1	1,149,606	2,327,394
Cash in hand		<u>17,126</u>	<u>17,126</u>
		<u>1,166,732</u>	<u>2,344,520</u>

9.1. Cash at bank contain the balance in Bank Al-Jazira, The Company's bank account is inactive and not operative as of year end. The Company is in process of updating the required information with the bank.

10. Share capital

The share capital of the company is divided into 500,000 (2022: 500,000) shares of SR 10/each, fully paid.

Partners	Nationality	Ownership	(SR)
Mr. Mohammed Basil M. Al-Ghalayini	Saudi	37.8%	1,890,000
Mr. Mohammed Youssef M. Naghi	Saudi	2.6%	130,000
Mr. Khalifa Abdul Mohsen M Al Saif	Saudi	1.0%	50,000
Mr. Abdul Hadi Ali Saif Shayef	Saudi	1.2%	60,000
Mr. Waleed Soliman Abdul Mohsen Aba Numay	Saudi	1.2%	60,000
International Shores for Commercial Services	Saudi	21.0%	1,050,000
Mr. Abdul Aziz Ibrahim M. Al Nabhan	Kuwaiti	5.2%	260,000
Beltone Financial Holding S.A.E	Egyptian	<u>30.0%</u>	<u>1,500,000</u>
		100%	<u>5,000,000</u>

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10 Share capital (Continued)

The Company had entered into an agreement with its shareholder dated 13 Rajab 1437H corresponding to April 20, 2016, whereby Beltone Financial Holding S.A.E had transferred its shares to local shareholders. Legal formalities of this transfer were completed, as at December 31, 2021 (refer note 1.4). The revised shareholding is as follow:

Partners	Nationality	Ownership	(SR)
Mr. Mohammed Basil M. Al-Ghalayini	Saudi	67.8%	3,390,000
Jiad International Holding Company for Trade Development Limited	Saudi	2.6%	130,000
Mr. Khalifa Abdul Mohsen M Al Saif	Saudi	1.0%	50,000
Mr. Abdul Hadi Ali Saif Shayef	Saudi	1.2%	60,000
Mr. Waleed Soliman Abdul Mohsen Aba Numay	Saudi	1.2%	60,000
International Shores for Commercial Services	Saudi	21.0%	1,050,000
Mr. Abdul Aziz Ibrahim M. Al Nabhan	Kuwaiti	5.2%	260,000
		<u>100%</u>	<u>5,000,000</u>

11. Statutory reserve

In accordance with the Company's by-laws, the Company must set aside 10% of its annual net income as the statutory reserve until it reaches 30% of the share capital.

12. Employees defined benefit obligations

12.1. The movement in employees defined benefit obligations are as follow:

	2023	2022
Balance as at January 1,	351,607	397,282
Current service cost	33,305	27,880
Interest cost	7,873	4,435
Loss due to change in assumptions	39,729	32,140
Benefits paid/ payable to outgoing members	(14,000)	(110,130)
Balance as at December 31,	<u>418,514</u>	<u>351,607</u>

12.2. Employee defined benefit expense recognized in the statement of income is as follows:

Current service cost	33,305	27,880
Interest cost	7,873	4,435
	<u>41,178</u>	<u>32,315</u>

12.3. Loss due to change in assumptions recognized in the statement of other comprehensive income

	<u>39,729</u>	<u>32,140</u>
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12.4. Principal assumptions used in determining employees defined benefit obligations for the Company are as follows:

	2023	2022
Discount rate	4.65%	4.65%
Salary increment rate	6.65%	2.65%
Employee turnover rate	Heavy	Heavy
Expected retirement age	60 Years	60 years

To simplify calculations, service periods have been rounded off in years, less than six months considered as zero year, over and equal to six months considered as one year.

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13. Deferred income

	2023	2022
Deferred income (Note 13.1)	<u>390,670</u>	<u>390,670</u>

13.1. This represents disputed revenue for the prior years, will be taken to income statement on the final settlement with the respective customers and related parties. The details are as follow:

	2023	2022
Akar One – Affiliate (refer Note 16.1)	375,000	375,000
Al Saamani Factory	15,670	15,670
	<u>390,670</u>	<u>390,670</u>

14. Accrued expenses and other payables

VAT payable	197,688	644,219
Accrued expenses and other payables	736,355	513,665
	<u>934,043</u>	<u>1,157,884</u>

15. Zakat and income tax

15.1. Calculation of zakat

Capital and retained earnings	7,838,456	2,822,271
Deduction for property and equipment	(34,619)	(232,525)
Zakatable equity	<u>7,803,837</u>	<u>2,589,746</u>
Adjusted zakatable equity (@ 365 days)	8,046,329	2,670,218
Adjusted net profit	2,659,241	6,471,526
Zakat base	<u>10,705,570</u>	<u>9,141,744</u>
Zakat due @ 2.5%	<u>267,640</u>	<u>228,544</u>

15.2. Movement in zakat and tax provision for the year

<u>For the year ended December 31, 2023</u>	Zakat	Tax	Total
Balance at beginning of the year	309,247	55,324	364,571
Provided during the year	267,640	-	267,640
Payment during the year	(222,447)	-	(222,447)
	<u>354,440</u>	<u>55,324</u>	<u>409,764</u>

<u>For the year ended December 31, 2022</u>	Zakat	Tax	Total
Balance at beginning of the year	280,261	55,324	335,585
Provided during the year	228,544	-	228,544
Payment during the year	(199,558)	-	(199,558)
	<u>309,247</u>	<u>55,324</u>	<u>364,571</u>

15.3. Status of zakat assessments

The Company have filled its zakat return for the year 2022. No assessment has been raised by the Zakat, Tax and Customs Authority (ZATCA) for the years from 2015 till 2022.

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16. Related parties transaction and balances

In the ordinary course of business, the Company undertakes transactions with the related parties of the Company. All such transactions are executed on commercial terms that are approved by management. Transactions during the year-end with related parties and the related balances as of December 31 are as follows:

16.1. Due from related parties	Relationship	Nature of transactions	Amount of transaction		Closing balance	
			2023	2022	2023	2022
International Shores for Commercial services	Share holder	-	-	(226,918)	-	-
Belton Financial Holding	Share holder	-	-	(10,030)	-	-
Mr. Mohammed Basil M Al Ghaliyani	Share holder	Expenses paid on behalf of the Company	(518,326)	(1,239,919)	1,619,302	1,556,828
		Funds received on behalf of the Company	580,800	2,023,103		
		Funds transferred to the Company	-	(5,932,070)		
		Personal expenses paid from the Company	-	2,060,715		
		Funds drawn from the Company	-	4,609,525		
					<u>1,619,302</u>	<u>1,556,828</u>
Akar One (refer Note 13.1)	Affiliate	Funds transferred from the company	-	-	375,000	375,000
BMG Financial Advisory	Affiliate	Funds received from the Company	-	(500,000)	-	-
The Carlyle Group	Affiliate	Funds paid to the Company	-	150,000	150,000	150,000
					<u>525,000</u>	<u>525,000</u>
					<u>2,144,302</u>	<u>2,081,828</u>
16.2. Due to related parties						
BMG Financial Advisory	Affiliate	Expenses paid on behalf of the Company	(2,368,304)	(3,597,152)	3,588,833	3,597,152
		Funds received on behalf of the Company	2,376,623			
					<u>3,588,833</u>	<u>3,597,152</u>

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16. Related parties transaction and balances (continued)

16.3. Funds treated as receipt from related party balance

The management of the Company, considering the accumulated losses of SR 3.95 million as at December 31, 2021, had injected the funds of SR 1.2 million dated on June 01, 2022 with the intention to increase the share capital of the company as a contribution to its accumulated losses. It was reported as subsequent event in the financial statements of December 31, 2021. The Board of Directors of the Company had to call an extraordinary general meeting to pass the resolution for increase in share capital as per the provision of Article 150 of the Companies Law. The shareholders had also passed a resolution in 2021 for their necessary financial support to meet performance obligations of the Company as and when they fall due. These facts were reported in the financial statements of December 31, 2021.

However, the board did not call this extraordinary general meeting because the intended contribution to the accumulated losses of the company amounting to SR 1.2 million were considered as the amount recovered for the balances due from the related parties.

17. General and administrative expenses

	2023	2022
Salaries and other employee benefits	1,611,162	1,373,373
Professional fee	294,805	333,919
Legal expenses	325,717	380,752
Rent	241,654	233,723
Traveling	55,353	42,705
Depreciation (Note - 6)	29,504	23,666
Communication	47,688	35,107
Repair and maintenance	25,030	55,698
Others	110,720	139,222
	<u>2,741,633</u>	<u>2,618,165</u>

18. Financial risk management

The Company's principal financial liabilities comprise of trade payables, other payables and due to related parties. The main purpose of these financial liabilities are to raise finance for the Company's operations. The Company has various financial assets such as cash and bank balances, trade receivables, prepayments and other receivables and due from related parties which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The management reviews and agrees policies for managing each of these risks, which are summarized below.

a. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company transactions are principally in Saudi Riyals, US dollars and Euros.

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, however the company is not exposed to significant currency risk, as most of its financial assets and financial liabilities are dominated in Saudi Riyals.

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18 Financial risk management (continued)

b. Credit risk

Potential material areas of credit risk consist of accounts receivable, prepayments and other receivables. Trade accounts receivable. Company monitor the financial position of their customers on an ongoing basis. The granting of credit is controlled by application of credit limits. An allowance is made for specific doubtful debts at the reporting date. Management did not consider there to be any material credit risk exposure that was not adequately covered.

c. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available (funds financed by the shareholders) in order to meet any future financial commitments as and when they fall due.

19. Significant matters

On January 16, 2023, corresponding to Jumada Al -Akhir 23, 1444H, and based on the resolution of the Minister of Commerce No. (284), the implementing regulations for the new Companies' Act were issued. On January 19, 2023, corresponding to Jumada Al-Akhir 26, 1444H, the new Companies' Act issued by Royal Decree No. (M / 132) entered into force. The company's management will make the necessary amendments to the company's articles of association as required by the new Companies' Act and its implementing regulations.

20. Subsequent events

The management believes that there are no other significant subsequent events from the statement of financial position date on December 31, 2023 until the date of approval of this financial statement that require amendments or disclosures in the financial statements.

21. Approval of the financial statements

These financial statements were approved by the management on May 21, 2024 (corresponding to Dhul-Qa'dah 13, 1445).