

صندوق بي ام كي للإصدارات الأولية

التقرير السنوي للعام 2020

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اسم الصندوق

صندوق بي ام كي للإصدارات الأولية BMK IPO Fund

أهداف وسياسات الاستثمار

الصندوق هو من النوع المفتوح، وسوف يستثمر في أسهم الشركات السعودية المدرجة في السوق المالية السعودية، حيث تتمثل أهداف "الصندوق" تحقيق نمو في رأس المال من خلال الاستثمار بشكل أساسي في الإصدارات الأولية وأسهم الشركات المدرجة حديثاً خلال خمس سنوات من إدراجها في السوق المالية السعودية "تداول" من خلال تحقيق عائد نسبي إيجابي مقارنة بالمؤشر الإرشادي وهو مؤشر بي ام كي وستاندرد أند بورز للإصدارات الأولية وبإمكان مالك الوحدات الحصول على معلومات المؤشر من خلال الموقع الإلكتروني لمدير الصندوق ويحق لصندوق استثمار السيولة النقدية المتوفرة له في أدوات وصناديق أسواق النقد وصناديق الإصدارات الأولية والمرخصة من هيئة السوق المالية السعودية. كما أن الصندوق لن يوزع أية أرباح على مالكي الوحدات فيه، بل سيعاد استثمار جميع الأرباح المحصلة في الصندوق مما سينعكس على سعر وحدة الصندوق.

توزيع الأرباح

لا يوجد.

تنويه

نود التنويه بان تقارير الصندوق متاحة عند الطلب وبدون مقابل، ويمكن الاطلاع عليها من خلال الموقع الالكتروني للشركة

www.bmk.com.sa

الأداء التاريخي للصندوق

1. جدول المقارنة

نسبة المصروفات %	عدد الوحدات المصدرة في نهاية الفترة	صافي قيمة الأصول الصندوق لكل وحدة			صافي قيمة الأصول الصندوق	كما في 31 ديسمبر
		أقل قيمة خلال الفترة	أعلى قيمة خلال الفترة	نهاية الفترة		
0.43%	519,338	9.9748	10.5587	10.4536	5,428,956	2014
2.23%	8,390,353	10.1896	14.2224	14.0577	117,949,339	2015
2.22%	159,142	13.0475	15.4771	14.4561	2,300,569	2016
7.46%	5,393,230	12.7635	15.0565	14.2306	76,749,157	2017
2.44%	5,075,902	13.7209	14.3156	13.7860	69,976,355	2018
3.32%	750,387	13.3981	14.8743	13.6761	10,262,348	2019
3.93%	467,239	12.9416	13.9224	13.4930	6,304,442	2020

2. سجل الأداء

العائد الإجمالي	صندوق بي أم كي للإصدارات الأولية
ثلاث سنوات	5.18 % -
خمس سنوات	4.01 % -
منذ التأسيس	34.93 %
عام 2014	4.54 %
عام 2015	34.48 %
عام 2016	2.83 %
عام 2017	1.56 % -
عام 2018	3.12 % -
عام 2019	0.80 % -
عام 2020	1.34 % -

مقابل الخدمات والأتعاب

2020	الرسوم والمصاريف الفعلية التي تحملها الصندوق خلال العام
141,257	رسوم الإدارة
48,000	رسوم الحفظ
7,500	رسوم متابعه ومراجعة وإفصاح
5,250	رسوم تداول
23,288	رسوم المراجع الخارجي
915	رسوم الوساطة
12,000	مكافآت أعضاء مجلس إدارة الصندوق
26,216	رسوم المؤشر الإرشادي
17,516	ضريبة القيمة المضافة على خدمات الإدارة والحفظ
11,171	مصاريف أخرى

يتبع مدير الصندوق قواعد حساب بيانات أداء الصندوق بي ام كيه للإصدارات الأولية كما هو مفصّل عنه في الشروط والاحكام.

التغيرات الجوهرية خلال الفترة

لم يقيم مدير الصندوق بإحداث أي تغييرات جوهرية خلال الفترة.

ممارسات التصويت خلال الفترة

لا يوجد.

التقرير السنوي لمجلس الإدارة

- مناقشة أداء الصندوق
- اعتماد محاضر اجتماعات المجلس
- الاطلاع على التقرير السنوي المتضمن القوائم المالية واعتمادها.
- الاجتماع مع مسؤول المطابقة والالتزام والتبليغ عن غسل الأموال وتمويل الإرهاب
- الموافقة على استمرار التعاقد مع أمين الحفظ شركة الرياض المالية
- الموافقة على استمرار التعاقد مع مراجع الحسابات القانوني مجموعة بيكر تيلي
- الموافقة على استمرار التعاقد مع مقدم خدمات المؤشر الإرشادي للصندوق شركة ستاندر اند بور
- مناقشة أي خطابات أو مخالفات واردة من هيئة السوق المالية

مدير الصندوق

شركة بيت المال الخليجي

ص ب: 9177

الدمام 31413

المملكة العربية السعودية

هاتف: 0138316666

فاكس: 0138316600

www.bmk.com.sa

مدير الصندوق بالباطن

لا ينطبق.

الأنشطة الاستثمارية للصندوق

تم تنفيذ جميع استثمارات الصندوق بما يتوافق مع اهداف واستراتيجيات الصندوق مع استغلال الفرص الاستثمارية الممكنة
أخذين بالاعتبار الالتزام بقيود الاستثمار التي نصت عليها الشروط والاحكام الصندوق قدر الإمكان

التغييرات على الشروط والأحكام
لا يوجد.

معلومات أخرى

لمزيد من المعلومات يرجى الرجوع إلى شروط واحكام الصندوق.

استثمار مدير الصندوق في صناديق اخرى
لا يوجد.

العمولات الخاصة

لم يبرم مدير الصندوق خلال الفترة أي عمولات خاصة

أي بيانات ومعلومات أخرى أوجبت هذه اللائحة تضمينها بهذا التقرير
لا يوجد

امين الحفظ

شركة الرياض المالية - رقم الترخيص 37 - 07070

6775 شارع التخصصي - العليا

الرياض 12331-3712

ص.ب: 21116 الرمز البريدي: 11475

المملكة العربية السعودية

هاتف: 486 5858 / 486 5866 11 +966

www.riyadcapital.com

مهام امين الحفظ

حفظ أصول الصندوق وحماية أصول حاملي الوحدات واتخاذ الإجراءات الإدارية المتعلقة بحفظ أصول الصندوق

المحاسب القانوني

1. أسم وعنوان المحاسب القانوني:

تم تعيين مجموعة بيكر تيلي

محاسبون قانونيون واستشاريون

ص.ب: 34422 | | مدينه الخبر

المملكة العربية السعودية

+ هاتف: 0906 13830 0966

فاكس: +966 13834 7582

www.bakertillyjfc.com

2. رأي المحاسب القانوني في القوائم المالية المعدة:

أن القوائم المالية أعدت وروجعت وفقاً لمعايير المحاسبة الصادرة عن الهيئة السعودية للمحاسبين القانونيين وأحكام لائحة صناديق الاستثمار وشروط وأحكام الصندوق، وأن القوائم المالية تقدم صورة صحيحة وعادلة لصافي الدخل وصافي الأرباح والخسائر لأصول صندوق الاستثمار عن الفترة المحاسبية لتلك القوائم، وأن القوائم المالية تقدم صورة صحيحة وعادلة للمركز المالي لصندوق الاستثمار في نهاية الفترة.

القوائم المالية

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT**

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2020**

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INDEPENDENT AUDITOR'S REPORT**TO THE UNIT HOLDERS OF BMK IPO FUND**

(Managed by Bait Al Mal Khaleeji Company)

Opinion

We have audited the financial statements of BMK IPO Fund (the "Fund"), managed by Bait Al Mal Khaleeji Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Fund for the year ended 31 December 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements on 23 January 2020 (corresponding to 28 Jumada al- awwal 1441H).

Responsibilities of Fund Manager and Those Charged with Governance for the Financial Statements

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA and the Fund's terms and conditions, and for such internal control as the Fund Manager 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, Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing ("ISAs") will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF BMK IPO FUND

(Managed by Bait Al Mal Khaleeji Company)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with 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.

Baker Tilly MKM & Co.
Certified Public Accountants



Majed Muneer Al Nemer
License No. 381
Al-Khobar 11 Rajab 1442H
23 February 2021



BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2020**

	<i>Note</i>	2020	2019
		<i>SR</i>	<i>SR</i>
ASSETS			
Prepayments and other assets		1,296	-
Investments at fair value through profit or loss	4	2,735,382	2,173,443
Cash and cash equivalents		3,599,707	8,156,079
TOTAL ASSETS		6,336,385	10,329,522
LIABILITIES			
Accrued expenses	6	31,943	67,174
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		6,304,442	10,262,348
Units in issue (number)		467,239	750,387
Net assets attributable to each unit (SR)		13.49	13.68

The accompanying notes from 1 to 10 form an integral part of these financial statements

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Note</i>	2020	2019
		SR	SR
Income			
Gain on investments at fair value through profit or loss	4	20,282	329,286
Dividend income		69,609	68,990
		89,891	398,276
Expenses			
Fund management fees	7	(141,257)	(201,289)
Custody fees		(48,000)	(59,215)
Board of Directors' fees	7	(12,000)	(12,000)
Brokerage commission		(915)	(8,960)
Others		(90,941)	(85,595)
		(293,113)	(367,059)
(Loss) profit for the year		(203,222)	31,217
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(203,222)	31,217

The accompanying notes from 1 to 10 form an integral part of these financial statements

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>2020</u>	<u>2019</u>
	<u>SR</u>	<u>SR</u>
Net assets attributable to unit holders at 1 January	10,262,348	69,976,354
(Loss) profit for the year	(203,222)	31,217
Proceeds from units issued	-	63,339,900
Payments for units redeemed	(3,754,684)	(123,085,123)
Net assets attributable to unit holders at 31 December	<u>6,304,442</u>	<u>10,262,348</u>

The accompanying notes from 1 to 10 form an integral part of these financial statements

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<u>2020</u>	<u>2019</u>
	<i>SR</i>	<i>SR</i>
Operating activities		
(Loss) profit for the year	(203,222)	31,217
Adjustments for changes in operating assets and liabilities:		
Net change in investments at fair value through profit or loss	(561,939)	(1,216,443)
Prepayments and other assets	(1,296)	-
Accrued expenses	(35,231)	(137,878)
Net cash utilized in operating activities	<u>(801,688)</u>	<u>(1,323,104)</u>
Financing activities		
Value of units redeemed	(3,754,684)	(123,085,123)
Proceeds from units issued	-	63,339,900
Net cash utilized in financing activities	<u>(3,754,684)</u>	<u>(59,745,223)</u>
Net change in cash and cash equivalents	<u>(4,556,372)</u>	<u>(61,068,327)</u>
Cash and cash equivalents at the beginning of the year	<u>8,156,079</u>	<u>69,224,406</u>
Cash and cash equivalents at the end of the year	<u><u>3,599,707</u></u>	<u><u>8,156,079</u></u>

The accompanying notes from 1 to 10 form an integral part of these financial statements

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 - THE FUND AND ITS ACTIVITIES

BMK IPO Fund (the "Fund") is an open-ended investment Fund, established and managed by the Bait Al Mal Al Khaleeji Company (the "Fund Manager"). The terms and conditions of the Fund were approved by the Capital Market Authority ("CMA") on 17 Thul-Qi'dah 1435H (corresponding to 11 September 2014) and the Fund commenced its activities on 17 Muharram 1436H (corresponding to 10 November 2014) pursuant to such approval and after concluding the subscription procedures.

The Fund's objective is to achieve long-term capital growth through investment in initial public offerings and newly listed companies not exceeding 5 years from its listing on the Saudi Stock Market.

The Fund Manager is licensed and regulated by the CMA, through license no. 08123-37, to engage in dealing as a principle, managing mutual funds and providing consultation and safekeeping services for securities business.

The Fund is governed by Investment Fund Regulations ("the Regulations") published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006), thereafter amended on 16 Sha'ban 1437H (corresponding to 23 May 2016), detailing requirements of all funds within the Kingdom of Saudi Arabia.

In dealing with the unit holders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unit holders are considered as owners of the assets of the Fund and distributions are made in relation to their respective ownership in the total number of outstanding units.

2 - BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss that have been measured at fair value. The Fund's financial statements are presented in Saudi Riyals (SR), which is also the Fund's functional currency.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognized when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

Revenue recognition

Dividends

Dividend revenue is recognized on the date when the Fund's right to receive the payment is established.

Fair value measurement

The Fund measures its investments in equity instruments at fair value at each reporting date.

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

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Fair value measurement (continued)**

-transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or;

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

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

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Net assets value per unit

The net assets value (NAV) per unit as disclosed on the statement of financial position is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

Foreign currency transaction

Transactions during the year in currencies other than the functional currency are translated into the functional currency at the rates of exchange at the dates of the transaction. Monetary assets and liabilities that are denominated in a foreign currency are retranslated at the rate of exchange ruling at the statement of financial position date. Exchange gains or losses are reflected in the statement of profit and loss and comprehensive income.

Taxation / Zakat

Zakat and income tax are the unit holders obligations and are not provided for in these financial statements.

Financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as investments at fair value through profit or loss if they are acquired for the purpose of selling or repurchasing them in the near term. The Fund designated its holding in a local quoted securities portfolio as financial assets at fair value through profit or loss. Such investments are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or

The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Loans, borrowings and payables

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Transaction costs are amortised using the EIR method from the date at which the loan is recognised over the repayment terms.

Derecognition

A financial liability is derecognised when the obligation is discharged, cancelled or expires.

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Offsetting of financial instruments

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

2.3 USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, Fund Manager has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

2.4 NEW STANDARDS AND AMENDMENTS TO STANDARDS

There are no new standards issued; however, the adoption of the following amendments to the existing standards had no significant financial impact on the financial statements of the Fund on the current period or prior periods and is expected to have no significant effect in future periods:

- Revised 'Conceptual Framework for Financial Reporting'.
- Amendments to IFRS 3 Business Combinations to clarify the definition of a business.
- Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments regarding pre-replacement issues in the context of the IBOR reform.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding the definition of material.
- Amendments to IFRS 16 Leases provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after 1 January 2021, and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date:</i>
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.		Effective date deferred indefinitely
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.		1 January 2023
IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.		1 January 2023
Amendments IFRS 3 <i>Business Combination</i> updating a reference to the Conceptual Framework.		1 January 2022

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date:</i>
Amendments to IAS 16 <i>Property, Plant and Equipment</i>	prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	regarding the costs to include when assessing whether a contract is onerous.	1 January 2022
Amendments to IFRS 4 <i>Insurance Contracts</i> , IFRS 7 <i>Financial Instruments: Disclosures</i> , IFRS 9 <i>Financial Instruments</i> and IFRS 16 <i>Leases</i>	regarding replacement issues in the context of the IBOR reform.	1 January 2021
Annual Improvements to IFRS 2018 – 2020 Cycle	amending IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

3 - MANAGEMENT FEE AND OTHER EXPENSES

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues a management fee, as set out in the Fund's terms and conditions, at an annual rate of 1.9% of the Funds net assets calculated on a daily basis.

The Fund is responsible for all expenses, fees, other costs and liabilities incurred in managing and operating the Fund. Such expenses include, but are not limited to, audit, remuneration of the Fund's Board, administration, dealing costs, custody, government and other professional fees.

4 - INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This represents investment in equity securities listed on the Saudi stock exchange ("Tadawul")

The investment portfolio is allocated among the various economic sectors, the fair values of these investments are as follows :

Sector	2020		2019	
	<u>Fair value</u>	<u>%</u>	<u>Fair value</u>	<u>%</u>
	SR		SR	
Energy	2,080,085	76.04	2,094,943	96.39
Financials	583,197	21.32	-	-
Real estate	72,100	2.64	78,500	3.61
Total	2,735,382	100	2,173,443	100

The movement of investments at fair value through profit or loss is as follows:

	2020	2019
	SR	SR
1 January	2,173,443	957,000
Addition	1,326,672	8,380,358
Disposal	(785,015)	(7,493,201)
Change in fair value	20,282	329,286
31 December	2,735,382	2,173,443

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2020****5 - FAIR VALUES**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		<i>2020</i>					
		Carrying amount			Fair value		
	Fair value	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR	SR	SR	SR
Financial assets							
Investments at FVTPL	2,735,382	-	2,735,382	2,735,382	-	-	2,735,382
Cash and cash equivalents	-	3,599,707	3,599,707	-	-	-	-
	<u>2,735,382</u>	<u>3,599,707</u>	<u>6,335,089</u>	<u>2,735,382</u>	<u>-</u>	<u>-</u>	<u>2,735,382</u>
Financial liabilities							
Accrued expenses	-	31,943	31,943	-	-	-	-
	<u>-</u>	<u>31,943</u>	<u>31,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<i>2019</i>					
		Carrying amount			Fair value		
	Fair value	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR	SR	SR	SR
Financial assets							
Investments at FVTPL	2,173,443	-	2,173,443	2,173,443	-	-	2,173,443
Cash and cash equivalents	-	8,156,079	8,156,079	-	-	-	-
	<u>2,173,443</u>	<u>8,156,079</u>	<u>10,329,522</u>	<u>2,173,443</u>	<u>-</u>	<u>-</u>	<u>2,173,443</u>
Financial liabilities							
Accrued expenses	-	67,174	67,174	-	-	-	-
	<u>-</u>	<u>67,174</u>	<u>67,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**6 - ACCRUED EXPENSES**

	<u>2020</u>	<u>2019</u>
	<u>SR</u>	<u>SR</u>
Accrued Management fees (note 7)	11,730	46,749
Others	20,213	20,425
	<u>31,943</u>	<u>67,174</u>

7 - TRANSACTIONS WITH RELATED PARTIES

The following table provides the total amount of transactions that have been entered into with related parties during the year and their related accruals as at :

Related party	Nature of transaction	Transactions for the year		Balances	
		2020	2019	2020	2019
		SR	SR	SR	SR
Fund Manager	Management fee	141,257	201,289	11,730	46,749
Fund Board	Board of directors	12,000	12,000	-	-
Elite House GCC	Units issued	-	63,339,900	-	-
Equity Fund	Units redeemed	3,700,000	123,000,000	-	-
				<u>11,730</u>	<u>46,749</u>

As at 31 December 2020 the Elite House GCC Equity Fund (managed by same Fund Manager) holds 464,239 units in BMK Saudi Equity Fund (31 December 2019: 743,387 units).

Basis and term of payment for fee payable to related parties as per terms and conditions of the Fund approved by CMA are as follows:

Type of fee	Basis and rate	Basis for calculation
Management fees	1.9 % of net asset value	Annually, calculated on a daily basis
Board of Directors remunerations	SR 3,000 per meeting only payable to the independent members, maximum up to SR 12,000 per annum	Per member per meeting

8 - VALUATION DAY

The Fund's units are valued at every Monday and Wednesday and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these financial statements was 31 December 2020.

9 - RISK MANAGEMENT**Commission rate risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to the changes in the market commission rates. The Fund is not subject to commission rate risk.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Fund seeks to manage its credit risk with respect to the banks by only dealing with reputable banks.

BMK IPO FUND

(Managed by Bait Al Mal Al Khaleeji Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2020****9 - RISK MANAGEMENT (continued)****Credit risk (continued)**

	<u>2020</u>	<u>2019</u>
	<u>SR</u>	<u>SR</u>
Cash and cash equivalents	<u>3,599,707</u>	<u>8,156,079</u>

The carrying amount of financial assets represents the maximum credit

Liquidity risk

Liquidity risk is the risk that the Fund 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. The Fund manages its liquidity risk by monitoring investing activities and cash flows on regular basis.

31 December 2020				
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial Liabilities				
Accrued expenses	<u>31,943</u>	<u>31,943</u>	<u>-</u>	<u>-</u>
	<u>31,943</u>	<u>31,943</u>	<u>-</u>	<u>-</u>
31 December 2019				
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial Liabilities				
Accrued expenses	<u>67,174</u>	<u>67,174</u>	<u>-</u>	<u>-</u>
	<u>67,174</u>	<u>67,174</u>	<u>-</u>	<u>-</u>

Equity price

The Fund listed equity securities are susceptible to market price risk arising from uncertainties about its future values of the investment securities. The Fund manages the equity price risk through diversification and by placing limits on individual and total equity instruments sectors.

10 - APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Fund Manager on 23 February 2021.