

**AL BAIT AL MALI FUND  
DOHA - QATAR**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2021**

**AL BAIT AL MALI FUND****FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**For the year ended December 31, 2021

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**QR. 99 – 8**

**RN: 71/MM/FY2023**

## **INDEPENDENT AUDITOR'S REPORT**

**To the unit holders of Al Bait Al Mali Fund  
Doha, Qatar**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Al Bait Al Mali Fund (the “Fund”), which comprise the statement of financial position as at December 31, 2021, the statements 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 December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Fund's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, the Qatar Commercial Companies' Law and the Fund's Articles of Association, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

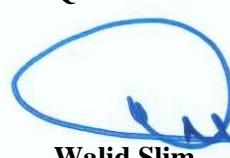
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us no contraventions of the applicable provisions of the Qatar Commercial Companies' Law and the Fund's Articles of Association were committed during the year which would materially affect the Fund's financial position or financial performance.

**Doha – Qatar**  
**27 June 2022**

**For Deloitte & Touche  
Qatar Branch**

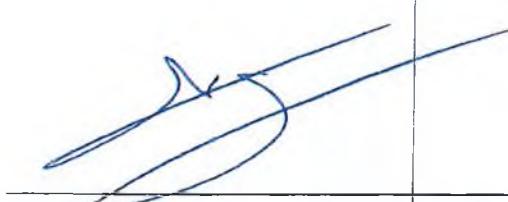
  
  
**Walid Slim**  
**Partner**  
**License No. 319**  
**QFMA Auditor License No. 120156**

**AL BAIT AL MALI FUND****STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021

	Note	2021 QR.	2020 QR.
<b>ASSETS</b>			
Balance with bank – current account	5	2,083,714	2,667,748
Financial assets measured at Fair Value Through Profit or Loss (FVTPL)	6	55,353,766	77,991,366
<b>Total assets</b>		<b>57,437,480</b>	<b>80,659,114</b>
<b>LIABILITIES</b>			
Fees payable	7	873,658	491,628
Other payables and credit balances	8	753,752	347,861
<b>Total liabilities</b>		<b>1,627,410</b>	<b>839,489</b>
<b>NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS</b>			
		<b>55,810,070</b>	<b>79,819,625</b>
NUMBER OF UNITS IN ISSUE		Units 2,718,438	Units 4,251,855
		-----	-----
NET ASSET VALUE PER UNIT (QR.)		<b>20.53</b>	<b>18.77</b>

These financial statements were approved by the Founder of the Fund, Investment House Company (Q.P.S.C), and signed on 27<sup>th</sup> June 2022.



**Mohammed Bin Ahmed Al-Suwaidi**  
Chairman & Managing Director



*This statement has been prepared by the Fund and stamped by the Auditors for identification purposes only*

**DELOUTTE & TOUCHE**  
Doha - Qatar

**27 JUN 2022**

**Signed for Identification  
Purposes Only**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**AL BAIT AL MALI FUND**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31<sup>st</sup> December 2021

	Note	2021 QR.	2020 QR.
<b>INCOME</b>			
Dividend income	10	<b>2,198,979</b>	1,887,242
Net realised gain on sale of financial assets measured at FVTPL	6	<b>7,318,536</b>	2,560,412
Net unrealised gain on re-measurement of financial assets at FVTPL	6	<b>977,463</b>	6,036,208
<b>Total income</b>		<b>10,494,978</b>	<b>10,483,862</b>
<b>EXPENSES</b>			
Fees expense	11	(1,843,737)	(2,126,577)
Brokerage fees		(262,183)	(379,622)
Zakat expense		(331,989)	(284,513)
Other expenses	12	<b>(196,800)</b>	<b>(166,200)</b>
<b>Total expenses</b>		<b>(2,634,709)</b>	<b>(2,956,912)</b>
<b>Net income for the year</b>		<b>7,860,269</b>	<b>7,526,950</b>
Other comprehensive income		--	--
<b>Total comprehensive income for the year</b>		<b>7,860,269</b>	<b>7,526,950</b>

*This statement has been prepared by the Fund and stamped by the Auditors for identification purposes only*



**AL BAIT AL MALI FUND**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2021

	<b>Net assets attributable to units holders</b> QR.	<b>Number of units</b>	<b>Net assets value per unit</b> QR.
At January 1, 2020	74,923,218	4,256,355	17.60
Dividends declared (note 9)	(2,553,813)	--	
Redemptions during the year	(76,730)	(4,500)	
Total comprehensive income for the year	7,526,950	--	
At December 31, 2020	79,819,625	4,251,855	18.77
Dividends declared (note 9)	(1,115,532)	--	
Redemptions during the year	(30,754,292)	(1,533,417)	20.06
Total comprehensive income for the year	7,860,269	--	
<b>At December 31, 2021</b>	<b>55,810,070</b>	<b>2,718,438</b>	<b>20.53</b>

*This statement has been prepared by the Fund and stamped by the Auditors for identification purposes only*



**AL BAIT AL MALI FUND**

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2021

	<b>2021</b> QR.	<b>2020</b> QR.
<b>OPERATING ACTIVITIES</b>		
Net income for the year	7,860,269	7,526,950
Adjustments for:		
Unrealized (gain) on re-measurement of financial assets at FVTPL	(977,463)	(6,036,208)
	<u>6,882,806</u>	<u>1,490,742</u>
<i>Changes in operating assets and liabilities:</i>		
Financial assets measured at FVTPL, net	23,615,063	(4,678,614)
Fees payable	382,030	(569,957)
Other payables and credit balances	405,891	104,894
<b>Net cash generated from / (used in) operating activities</b>	<b><u>31,285,790</u></b>	<b><u>(3,652,935)</u></b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(1,115,532)	(2,553,813)
Payment against redemption of units	(30,754,292)	(76,730)
<b>Net cash used in financing activities</b>	<b><u>(31,869,824)</u></b>	<b><u>(2,630,543)</u></b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b><u>(584,034)</u></b>	<b><u>(6,283,478)</u></b>
Balance of cash and cash equivalents at January 1,	2,667,748	8,951,226
<b>Balance of cash and cash equivalents at December 31,</b>	<b><u>2,083,714</u></b>	<b><u>2,667,748</u></b>

*This statement has been prepared by the Fund and stamped by the Auditors for identification purposes only*



## **AL BAIT AL MALI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

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#### **1. INCORPORATION AND ACTIVITIES**

Al Bait Al Mali Fund (the “Fund”) is registered on June 13, 2006 at Ministry of Commerce and Industry of the State of Qatar under commercial registration No. 33162. The Fund holding license No. IF/5/2006 from Qatar Central Bank to act as an Islamic Investment Fund investing in Qatari securities, with its transactions complying with the provisions of the Shariah Islamic Law.

The Fund is established by Investment House Company (Q.P.S.C.) (the “Founder”) having registered office is P.O Box 22633 Doha, Qatar.

The Founder appointed Qatar National Bank (registered office is P.O Box 1000, Doha – Qatar) as the Custodian of the Fund in accordance of custodian agreement dated July 15, 2006.

On March 1, 2019, the Fund has appointed “QNB Suisse” as the Fund’s manager.

The Fund is an open-ended fund that invests in securities listed on Qatar Exchange within the State of Qatar. The Fund also invests its assets in other corporate funds established and launched by parties and establishments, other than the Founder, to realize the best possible financial returns to investors for short, medium and long terms through investing high quality assets, in accordance with the provisions of the Islamic Shariah.

#### **2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations effective as of January 1, 2021:

##### **2.1 New and amended IFRS Standards that are effective for the current year**

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these financial statements.

	<b>Effective for Periods beginning on or after</b>
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to: – changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and – hedge accounting.	

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (CONTINUED)

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted

The Fund has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

#### New and revised IFRSs

Amendments to IFRS 3 - Reference to the Conceptual Framework

**Effective for  
annual periods  
beginning on or after**

1 January 2022

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use

1 January 2022  
Early application  
permitted.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (CONTINUED)

#### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

The Fund has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

##### New and revised IFRSs

Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use (continued)

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

**Effective for  
annual periods  
beginning on or after**

1 January 2022  
Early application  
permitted.

1 January 2022  
Early application  
permitted.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (CONTINUED)

### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

The Fund has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	1 January 2022 Early application permitted.
IFRS 17 Insurance Contracts	1 January 2023

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IAS 1- Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

1 January 2023  
Early application is permitted.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (CONTINUED)

#### 2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

The Fund has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

##### New and revised IFRSs

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

##### Effective for annual periods beginning on or after

January 1, 2023

January 1, 2023

Effective date deferred indefinitely. Adoption is still permitted.

## **AL BAIT AL MALI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

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## **2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (CONTINUED)**

### **2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

The Fund has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

#### **New and revised IFRSs**

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

**Effective for annual periods beginning on or after**

1 January 2023  
Early application is permitted.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of compliance**

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”), and the applicable provisions of Qatar Commercial Companies’ Law and the Fund’s Articles of Association.

### **Basis of preparation**

The financial statements are prepared under the historical cost, except for financial instruments measured at fair value through profit or loss, which are measured at fair value.

The financial statements have been prepared in Qatari Riyal (QR), which is the Fund’s functional and presentation currency, and all values are rounded to the nearest thousands except when otherwise indicated.

# **AL BAIT AL MALI FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Use of estimates and judgments**

The preparation of the financial statements in conformity with the IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The accounting policies set out below have been applied consistently to all years presented in financial statements.

#### **Revenue recognition**

Gains or losses arising on sale of investment are included in the statement of profit or loss currently, on the date when the transaction take place.

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes.

Dividend income is recognized when the rights to receive dividend is established.

#### **Fee expenses**

Fee expenses are recognised in profit or loss as the related services are performed.

#### **Provisions**

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **Redeemable units**

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. In accordance with the provisions of the Fund's Article of Association, redemption from the Fund are conducted on the 15<sup>th</sup> day of every month.

#### **Net asset value per unit**

The net asset value of the Fund on any valuation day is determined by dividing the total assets less liabilities of the Fund by the total number of units outstanding at that time.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Dividend distribution**

Dividend distributions to the units holders are recognized as a liability in the Fund's financial statements in the period in which the dividend is approved by the Unit holders.

#### **Unitholders' fund**

Unitholders' fund representing the units issued by the Fund is carried at the redemption amount representing the investor's right to residual interest in the Fund' assets.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Financial assets**

##### *Financial assets at fair value through profit or loss*

Financial assets classified as Fair Value through Profit or Loss are acquired principally for the purpose of generating a profit from short-term sale.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise of cash in hand, current and margin account balances with banks and liquid financial assets with original maturities of less than three months.

##### *Receivables*

Receivables are stated at original invoice amount less a provision for any uncollectible amounts.

##### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised 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.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial instruments (continued)**

##### **Financial assets (continued)**

###### *Classification of financial assets (continued)*

Debt instruments that meet the following conditions are measured subsequently 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 measured subsequently at fair value through profit or loss (FVTPL), as given that the Fund's financial assets those measured as fair value through profit or loss

###### *(i) Amortised cost and effective interest rate method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

As at December 31, 2021 and 2020 the Fund does not have any financial assets that profit margin.

###### *(ii) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Fund designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (continued)

##### *(ii) Financial assets at FVTPL*

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned (if any) on the financial asset and is included in the ‘other gains and losses’ line item.

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period based in certain circumstances.

##### *Impairment of financial assets*

The Fund recognises a loss allowance for expected credit losses on the applicable financial instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund always recognises lifetime ECL for receivables since the Fund’s accounting policy was to use the simplified approach for such type of financial assets.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

##### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund’s core operations.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (continued)

##### *Impairment of financial assets (continued)*

###### (i) Significant increase in credit risk (continued)

In particular, the following information is taken into account at the minimum when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- 1) The financial instrument has a low risk of default,
- 2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- 3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Fund considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Fund becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Fund considers the changes in the risk that the specified debtor will default on the contract.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial instruments (continued)**

##### *Impairment of financial assets (continued)*

###### (ii) Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without taking into account any collateral held by the Fund).

Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 90 days past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

###### (iii) Write-off policy

The Fund writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

###### (iv) Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Derecognition of financial assets*

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial instruments (continued)**

##### **Financial liabilities (continued)**

###### *Derecognition of financial assets (continued)*

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

###### *Classification as debt or equity*

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

###### *Equity instruments*

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

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Fund, are measured in accordance with the specific accounting policies set out below.

###### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial instruments (continued)**

##### **Financial liabilities (continued)**

###### *Financial liabilities at FVTPL (continued)*

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Fund of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the Fund is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid (if any) on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Fund that are designated by the Fund as at FVTPL are recognised in profit or loss. There are no financial liabilities at FVTPL as 31 December 2021 and 2020.

###### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

## **AL BAIT AL MALI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Financial instruments (continued)**

##### **Financial liabilities (continued)**

###### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

###### *Derecognition of financial liabilities*

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **4. FINANCIAL RISK MANAGEMENT**

The Fund has exposure to the following risks from the financial instruments:

- a) Credit risk;
- b) Liquidity risk; and
- c) Market risk

#### **Introduction and overview**

The Fund's objective in managing risks is the creation and protection of unit holder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

#### **Risk management structure**

Management is responsible for identifying and controlling risks. Management supervises and is ultimately responsible for the overall risk management of the Fund.

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### **Risk measurement and reporting system**

The Fund risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from experience, adjusted to reflect the economic environment.

Management monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

#### **Excessive risk concentration**

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together. In order to avoid excessive concentration of risk, the management seeks to maintain a diversified portfolio.

#### **a) Credit risk**

The Fund manages this risk by placing its bank balance with high credit rated institutions. The Fund considers the credit quality of amounts that are neither past due nor impaired to be good.

In order to minimise credit risk, the Fund has developed and maintained the Fund's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Fund's own trading records to rate its major debtors.

The Fund's current credit risk grading framework comprises the following categories:

<b>Category</b>	<b>Description</b>	<b>Basis for recognising expected credit losses</b>
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a) Credit risk (continued)

The tables below detail the credit quality of the Fund's financial assets as well as the Fund's maximum exposure to credit risk by credit risk rating grades:

31/12/2021	External credit rating	Internal credit rating	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
	QR.	QR.	QR.	QR.	QR.	QR.
Bank balance	Aa3	N/A	12-month ECL	<u>2,083,714</u>	--	<u>2,083,714</u>
31/12/2020	External credit rating	Internal credit rating	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Bank balance	Aa3	N/A	12-month ECL	<u>2,667,748</u>	--	<u>2,667,748</u>

#### Exposure to credit risk

The Fund's maximum exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

	2021 QR.	2020 QR.
Balance with bank	<u>2,083,714</u>	2,667,748
Financial assets measured at FVTPL	<u>55,353,766</u>	77,991,366
<b>Total credit risk exposure</b>	<u><u>57,437,480</u></u>	<u><u>80,659,114</u></u>

**AL BAIT AL MALI FUND**

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)****b) Liquidity risk****Maturity analysis**

Analysis of equity at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

2021	0 to 3	3 to 6	6 to 12	1 to 5 Years	More than	Total
	Months	Months	Months	QR.	5 years	QR.
<b>Financial assets</b>						
Balance with bank-current account	<b>2,083,714</b>	--	--	--	--	<b>2,083,714</b>
Financial assets measured at FVTPL	<b>55,353,766</b>	--	--	--	--	<b>55,353,766</b>
<b>Total financial assets</b>	<b>57,437,480</b>	--	--	--	--	<b>57,437,480</b>
<b>Financial liabilities</b>						
Fees payable and others	<b>1,627,410</b>	--	--	--	--	<b>1,627,410</b>
<b>Total financial liabilities</b>	<b>1,627,410</b>	--	--	--	--	<b>1,627,410</b>
<b>Liquidity gap</b>	<b>55,810,070</b>	--	--	--	--	<b>55,810,070</b>

**AL BAIT AL MALI FUND**

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)****b) Liquidity risk (continued)****Maturity analysis (continued)**

2020	0 to 3	3 to 6	6 to 12	1 to 5 Years	More than 5	Total
	Months	Months	Months	QR.	years	QR.
	QR.	QR.	QR.	QR.	QR.	
Financial assets						
Balance with bank- current account	2,667,748	--	--	--	--	2,667,748
Financial assets measured at FVTPL	77,991,366	--	--	--	--	77,991,366
Total financial assets	<u>80,659,114</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>80,659,114</u>
Financial liabilities						
Fees payable and others	839,489	--	--	--	--	839,489
Total financial liabilities	<u>839,489</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>839,489</u>
Liquidity gap	<u>79,819,625</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>79,819,625</u>

**AL BAIT AL MALI FUND****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)****c) Market risk***Profit rate risk*

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments.

The following table analyses the Fund's profit rate risk exposure. The Fund's assets and liabilities are included at fair value and categorised by the earlier of contractual re-pricing or maturity dates.

2021	0 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 years	More than 5 years	Non- profit bearing	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
<b>Assets</b>							
Balance with bank- current account	--	--	--	--	--	<b>2,083,714</b>	<b>2,083,714</b>
Financial assets measured at FVTPL	--	--	--	--	--	<b>55,353,766</b>	<b>55,353,766</b>
<b>Total assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>57,437,480</b>	<b>57,437,480</b>
<b>Liabilities</b>							
Fees payable and others	--	--	--	--	--	<b>1,627,410</b>	<b>1,627,410</b>
<b>Total liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,627,410</b>	<b>1,627,410</b>
<b>Total profit sensitivity gap</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>55,810,070</b>	<b>55,810,070</b>

**AL BAIT AL MALI FUND****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)****c) Market risk (continued)***Profit rate risk (continued)*

2020	0 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 years	More than 5 years	Non-profit bearing	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
<b>Assets</b>							
Balance with bank-current account	--	--	--	--	--	2,667,748	2,667,748
Financial assets measured at FVTPL	--	--	--	--	--	77,991,366	77,991,366
<b>Total assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>80,659,114</b>	<b>80,659,114</b>
<b>Liabilities</b>							
Fees payable and others	--	--	--	--	--	839,489	839,489
<b>Total liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>839,489</b>	<b>839,489</b>
<b>Total profit sensitivity gap</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>79,819,625</b>	<b>79,819,625</b>

**AL BAIT AL MALI FUND****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)****c) Market risk (continued)***Concentration of equity price risk*

The following table analyses the Fund's concentration of unit holders equity price risk in the Fund's equity portfolio by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile).

	<b>2021</b>	<b>2020</b>
	<b>% of equity securities</b>	<b>% of equity securities</b>
State of Qatar	<b>100%</b>	100%

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by industrial distribution:

	<b>2021</b>	<b>2020</b>
	<b>% of equity securities</b>	<b>% of equity securities</b>
Real estate	<b>14%</b>	9%
Financial institutions	<b>34%</b>	37%
Industrials	<b>34%</b>	33%
Telecommunication services	<b>12%</b>	5%
Consumer discretionary	<b>5%</b>	15%
Logistics	<b>0.5%</b>	--
Healthcare	<b>0.5%</b>	1%
	<b>100%</b>	100%

**AL BAIT AL MALI FUND****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

**5. BALANCE WITH BANK – CURRENT ACCOUNT**

	<b>2021</b> QR.	<b>2020</b> QR.
Bank balance	<b>2,083,714</b>	2,667,748

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2021</b> QR.	<b>2020</b> QR.
Listed equity securities – Qatar	<b>55,353,766</b>	77,991,366

Net changes in fair value of financial assets at fair value through profit or loss are as follows:

	<b>2021</b> QR.	<b>2020</b> QR.
Net realised gain	<b>7,318,536</b>	2,560,412
Net change in unrealised gain	<b>977,463</b>	6,036,208
	<b>8,295,999</b>	8,596,620

**7. FEES PAYABLE RELATED TO OPERATION**

	<b>2021</b> QR.	<b>2020</b> QR.
Management fee payable (Note 13 (a))	<b>349,463</b>	196,651
Custodian fee payable (Note 13 (a))	<b>174,732</b>	98,326
Founder fee payable (Note 13 (a))	<b>349,463</b>	196,651
	<b>873,658</b>	491,628

**8. OTHER PAYABLES AND CREDIT BALANCES**

	<b>2021</b> QR.	<b>2020</b> QR.
Audit fee	<b>36,250</b>	30,000
Shariah fee	<b>37,500</b>	18,648
Zakat payable	<b>616,502</b>	284,513
Advertising payable	<b>54,500</b>	5,200
Others	<b>9,000</b>	9,500
	<b>753,752</b>	347,861

**AL BAIT AL MALI FUND****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

**9. DIVIDENDS**

The Founder of the Fund declared dividends of 3% to unitholders (QR.30 per unit) for the year ended December 31, 2020 (2020: 6% to unitholders).

**10. DIVIDEND INCOME**

Dividend income is derived from quoted investments measured at FVTPL. The same has been fully collected during the year.

**11. FEES EXPENSES**

	<b>2021</b>	<b>2020</b>
	QR.	QR.
Management fee (Note 13 (b))	<b>737,495</b>	725,099
Custodian fee (Note 13 (b))	<b>368,747</b>	362,549
Founder fee (Note 13 (b))	<b>737,495</b>	1,038,929
	<b>1,843,737</b>	<b>2,126,577</b>

As per schedule no (1), clause no. (1) of investment management agreement, the Fund Manager is entitled to 1% of monthly net asset value of the Fund as Management fee.

As per paragraph (11), clause no. (1) of custodian, the custodian is entitled of 0.5% of monthly net asset value of the Fund as Custodian Fee.

As per Articles of Association, the Founder is entitled of 1% of monthly net asset value of the Fund as Founder Fee.

**12. OTHER EXPENSES**

	<b>2021</b>	<b>2020</b>
	QR.	QR.
Shariah fee	<b>75,000</b>	75,000
Audit fee	<b>72,500</b>	60,000
Advertisement expenses	<b>49,300</b>	31,200
	<b>196,800</b>	<b>166,200</b>

# AL BAIT AL MALI FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 13. RELATED PARTIES TRANSACTIONS

Related parties represent the Founder, the Custodian and the Fund Manager. Transactions with related parties includes the management fees, custodian, founder fees.

Balances with related parties included for the year end are as follows:

#### (a) Due to related parties

	2021	2020
	QR.	QR.
Management fee payable (Note 7)	<b>349,463</b>	196,651
Custodian fee payable (Note 7)	<b>174,732</b>	98,326
Founder fee payable (Note 7)	<b>349,463</b>	196,651
	<b><u>873,658</u></b>	<b><u>491,628</u></b>

#### (b) Related party's transactions

	2021	2020
	QR.	QR.
Management fee (Note 11)	<b>737,495</b>	725,099
Custodian fee (Note 11)	<b>368,747</b>	362,549
Founder fee (Note 11)	<b>737,495</b>	1,038,929
	<b><u>1,843,737</u></b>	<b><u>2,126,577</u></b>

### 14. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

#### *Classification of Investments*

Management decided that all of its investments in equity securities to be measured at fair value through profit or loss based on its business model.

## **AL BAIT AL MALI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

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#### **14. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

##### *Going concern*

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

##### *Fair value measurements*

Some of the Fund's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Fund uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Fund has designated policies and procedures to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

The Fund incorporated effect of COVID-19 into the determination of the Fund's judgment and estimates particularly related to fair valuation of financial assets in these financial statements for the year ended December 31, 2020. Furthermore, the Fund considered the best available information about past events, current conditions and forecasts of economic conditions in determination of the reported amounts of the Fund's financial assets reported in these financial statements.

##### *Significant increase in credit risk*

As explained in accounting policies of the Fund, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets using the general approach for bank balance. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk but provide certain guidelines that were included in the Fund's accounting policies. In assessing whether the credit risk of an asset has significantly increased, the Fund takes into account qualitative and quantitative reasonable and supportable forward-looking information. Management believes that such assessment was performed appropriately over the bank balance.

##### *Calculation of loss allowance*

When measuring ECL the Fund uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Considering the above, the Fund assessed that no expected credit losses to be recognized for financial assets as of December 31, 2021 and 2020.

## **AL BAIT AL MALI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2021

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#### **15. FINANCIAL INSTRUMENTS**

The carrying amounts of the financial instruments, other than financial assets at fair value through profit or loss which is carried at fair value, are a reasonable approximation of their fair values.

##### **Fair value hierarchy**

The Fund uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

For financial instruments that are recognized at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at December 31, 2021, the Fund held the following financial assets at fair value through profit or loss:

<b>Date of valuation</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
<b>December 31, 2021</b>	<b>55,353,766</b>	<b>55,353,766</b>	--	--
December 31, 2020	77,991,366	77,991,366	--	--

During the year ended on December 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements. The fair values of other financial instruments approximate their carrying values.

#### **16. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Founder of the Fund and authorised for issue on 27 June 2022.