

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
AND INDEPENDENT AUDITOR'S REPORT

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Page
Independent auditor's report	2 - 4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 26



Independent auditor's report to the shareholders of Raya Financing Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Raya Financing Company (the "Company") as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2017;
 - the statement of comprehensive income for the year then ended;
 - the statement of changes in equity for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 International Financial Reporting Standards as modified by SAMA for the accounting of zakat and income tax and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Independent auditor's report to the shareholders of Raya Financing Company (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 International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Independent auditor's report to the shareholders of Raya Financing Company (continued)

Report on other legal and regulatory requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

PricewaterhouseCoopers

A blue ink signature, appearing to read "Omar M. Al Saga", written over a horizontal line.

Omar M. Al Saga
License Number 369

February 27, 2018

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

		As at December 31,	
	Note	2017	2016
Assets			
Non-current assets			
Property and equipment	6	477,719	586,751
Intangible assets	7	7,351,151	7,681,705
Net investment in finance leases - non-current portion	8	92,598,497	12,491,250
		<u>100,427,367</u>	<u>20,759,706</u>
Current assets			
Net investment in finance leases - current portion	8	20,508,730	2,163,323
Prepayments and other receivables	9	4,771,739	775,482
Cash and cash equivalents	10	22,267,032	65,679,614
	1	<u>47,547,501</u>	<u>68,618,419</u>
Total assets		<u>147,974,868</u>	<u>89,378,125</u>
Liabilities and equity			
Liabilities			
Non-current liabilities			
Employee benefit obligations	11	1,387,471	1,188,133
Current liabilities			
Accounts payable	12	73,858,595	5,683,847
Accrued and other liabilities	13	2,378,398	1,307,820
Zakat payable	14	1,551,018	1,551,018
	1	<u>77,788,011</u>	<u>8,542,685</u>
Total liabilities		<u>79,175,482</u>	<u>9,730,818</u>
Equity			
Share capital	15	100,000,000	100,000,000
Accumulated losses		<u>(31,200,614)</u>	<u>(20,352,693)</u>
Total equity		<u>68,799,386</u>	<u>79,647,307</u>
Total liabilities and equity		<u>147,974,868</u>	<u>89,378,125</u>
Commitments	20		

The accompanying notes from 1 to 24 form an integral part of these financial statements.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

	Note	<u>For the year ended December 31,</u>	
		2017	2016
			(Restated)
Income	16	12,373,532	795,727
Expenses			
Provision for impairment of lease receivables		(998,055)	(380,623)
Insurance and other cost of financed vehicles		(5,593,480)	(322,998)
Selling and marketing	17	(4,569,417)	(1,484,635)
General and administrative	18	(11,727,628)	(8,523,762)
Loss from operations		(10,515,048)	(9,916,291)
Other (expenses) income		(73,695)	160,245
Loss for the year		(10,588,743)	(9,756,046)
Other comprehensive income			
<i>Item that will not to be reclassified to profit or loss-</i>			
Re-measurements of employee benefit obligations	11	(259,178)	-
Total comprehensive loss for the year		(10,847,921)	(9,756,046)

The accompanying notes from 1 to 24 form an integral part of these financial statements.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Accumulated losses	Total
Balance at January 1, 2017		100,000,000	(20,352,693)	79,647,307
Total comprehensive loss for the year		-	(10,847,921)	(10,847,921)
Balance at December 31, 2017		100,000,000	(31,200,614)	68,799,386
Balance at January 1, 2016		100,000,000	(9,045,629)	90,954,371
Total comprehensive loss for the year - as restated	5	-	(9,756,046)	(9,756,046)
Zakat charge for the year - as restated	5	-	(1,551,018)	(1,551,018)
Balance at December 31, 2016		100,000,000	(20,352,693)	79,647,307

The accompanying notes from 1 to 24 form an integral part of these financial statements.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31,	
		2017	2016
Cash flows from operating activities			
Loss before zakat		(10,588,743)	(9,756,046)
<u>Adjustments for</u>			
Depreciation	6	372,109	100,783
Amortisation	7	744,454	186,114
Provision for impairment of lease receivables	8	998,055	380,623
Employee benefit obligations		307,755	280,650
<u>Changes in working capital</u>			
Net investment in finance leases		(99,450,709)	(15,035,196)
Prepayments and other receivables		(3,996,257)	(625,229)
Accounts payable		67,807,153	(2,886,387)
Accrued and other liabilities		1,070,578	1,022,464
Net cash used in operating activities		<u>(42,735,605)</u>	<u>(26,332,224)</u>
Cash flows from investing activities			
Additions to property and equipment	6	(263,077)	(120,243)
Additions to intangible assets		<u>(413,900)</u>	<u>(7,867,819)</u>
Net cash used in investing activities		<u>(676,977)</u>	<u>(7,988,062)</u>
Net change in cash and cash equivalents		(43,412,582)	(34,320,286)
Cash and cash equivalents at beginning of year		<u>65,679,614</u>	<u>99,999,900</u>
Cash and cash equivalents at end of year	10	<u>22,267,032</u>	<u>65,679,614</u>
<u>Supplemental cash flow information</u>			
Non-cash operating activity-			
Employee benefit obligations transferred to / (from) related parties	19.1	<u>367,595</u>	<u>(33,350)</u>

The accompanying notes from 1 to 24 form an integral part of these financial statements.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Raya Financing Company (the "Company") is a Saudi closed joint stock company, registered in the Kingdom of Saudi Arabia under the commercial registration ("CR") number 2050104609 issued in Dammam on 8 Rabi II 1436H (January 28, 2015) and operating under the Saudi Arabian Monetary Agency (SAMA) approval number 351000153064 dated 25 Dhul Hijjah 1435H (October 19, 2014). The Company has obtained the license from SAMA to conduct finance leasing activities on 14 Jumada II, 1437H (March 23, 2016). The registered address of the Company is P.O. Box 336, Dammam 31411, Kingdom of Saudi Arabia.

The accompanying financial statements include the accounts of the Company's and its following branches:

CR No.	Date	Issued at
4030296155	25 Dhul-Qa'dah, 1438H (August 4, 2017)	Jeddah
4030296160	25 Dhul-Qa'dah, 1438H (August 4, 2017)	Jeddah
1010610746	25 Dhul-Qa'dah, 1438H (August 4, 2017)	Riyadh

At December 31, 2017, the Company's current liabilities exceeded its current assets by Saudi Riyals 30.2 million which is primarily due to a balance payable to a related party. The Company has entered into an agreement with a local commercial bank for a long-term loan facility of Saudi Riyals 100 million to meet the working capital requirements of the Company.

2 Basis of preparation

2.1 Compliance with IFRS

The financial statements of the Company for the year ended December 31, 2017 have been prepared by the management in accordance with International Financial Reporting Standards ("IFRS") as modified by SAMA for the accounting of zakat and income tax, which requires, adoption of all International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA circular number 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued through shareholders' equity under retained earnings.

Until 2016, the financial statements of the Company were prepared in accordance with IFRS. This change in framework resulted in a change in the presentation of zakat (as disclosed in Note 3.16) and the effects of this change are disclosed in Note 5 to the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Historical cost convention

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
 (All amounts in Saudi Riyals unless otherwise stated)

2.3 New IFRS, IFRIC and amendments thereof, adopted by the Company

The accounting policies used in the preparation of these financial statements are consistently applied for all years presented, except for the change in accounting policy as described in note 3.16 below and for the adoption of certain amendments and revisions to existing standards as mentioned below, which are effective for periods beginning on or after January 1, 2017 but had no significant financial impact on the financial statements of the Company:

<u>Standard</u>	<u>Description</u>
Amendment to IAS 7	Introduction of additional disclosures
Amendments to IAS 12	Recognition of deferred tax assets for unrealized losses
Annual improvements 2014-2016 (IFRS 12)	Disclosure of interests in other entities

The adoption of the above standards did not have any impact on the accounting policies, financial position or performance of the Company.

2.4 Standards, interpretations and amendments to published standards that will be effective for the periods commencing after January 1, 2018 and have not been early adopted by the Company

Certain new standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning January 1, 2018 or later periods, but have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

Title of standard	IFRS 9 <i>Financial instruments</i>
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	<p>The Company has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:</p> <p>Classification and measurement</p> <p>The Company's financial assets that are currently measured at amortised cost would continue to be measured as such and there will be no change to the accounting for these assets. Currently, the Company does not have any financial asset carried at fair value.</p> <p>There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through statement of comprehensive income and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 'Financial Instruments: Recognition and Measurement' and have not been changed.</p> <p>Impairment</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Company is in process of completing its evaluation of the impact of the expected credit loss model on impairment of its financial assets which is expected to be completed by the end of the first quarter of 2018.</p>

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
 (All amounts in Saudi Riyals unless otherwise stated)

Disclosures

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Company Must be applied for financial years commencing on or after January 1, 2018. Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except that the Company plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognised in accumulated losses as at 1 January 2018.

Title of standard	IFRS 16 Leases
-------------------	----------------

Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
------------------	---

The accounting for lessors will not significantly change.

Impact	IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its lease as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. As per the initial management assessment there will be no significant impact of this new standard on the Company's financial statements.
--------	--

Date of adoption by Company	Mandatory for financial years commencing on or after January 1, 2019. At this stage, the Company does not intend to adopt the standard before its effective date.
-----------------------------	---

There are no other relevant IFRS or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Foreign currency translations

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and short-term highly liquid investments, with original maturities up to three months, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

3.3 Net investment in finance leases

Leases in which the Company transfers substantially all the risk and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. Finance leases are recorded at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments ("PVMLP") and subsequently measured at amortised cost using the effective commission rate.

Gross investment in finance leases include the total of future lease payments on finance leases including residual amount receivable ("Lease rentals"). Security deposits with right to offset against lease rentals are deducted from gross investments in finance lease. The difference between lease rentals and the cost of the leased asset including transaction costs is recorded as unearned finance income.

For presentation purposes, the unearned finance income and impairment provision for lease losses are deducted from the gross investment in finance leases.

3.4 Repossessed assets held for sale

The Company, in the ordinary course of its business, acquires certain vehicles against settlement of related net investment in finance leases. Such assets are considered as assets held for sale are initially recorded at the net realizable value of repossessed assets.

Subsequent to the initial recognition, these assets are carried at the lower of their carrying values or the related net realizable value. Changes in net realisable value and gains or losses on disposal are charged or credited to the statement of comprehensive income.

3.5 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to the statement of comprehensive income, using the straight-line method, to allocate their cost, net of their residual values, if any, over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

3.6 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment, if any, except for intangible assets under development which are carried at cost. Amortisation is charged to the statement of comprehensive income, using the straight-line method, to allocate the cost over the estimated useful lives not exceeding seven years. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposals, if any, are taken to the statement of comprehensive income in the period in which they arise.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

3.7 Financial instruments

3.7.1 Financial assets

(i) Classification

The Company classifies its financial assets as loans and receivables..

(ii) Recognition and derecognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

3.7.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in statement of comprehensive income.

3.7.3 Offsetting

Financial assets and liabilities are offset and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously

3.8 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The assessment is based on the following impairment indicators:

- Default or delinquency by the counter party; and
- Indications that the counter party will enter bankruptcy.

The amount of the provision is charged to the statement of comprehensive income. Financial assets are written off only in circumstances where there are no realistic prospects of recovery.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

3.9 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately in the statement of comprehensive income.

3.10 Accounts payable and accruals

Liabilities are obligations to pay for goods and services received, whether or not billed to the Company. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.11 Employee benefit obligations

The Company provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds or high-quality corporate bonds.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and is recognised in the statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of comprehensive income as past service costs.

The calculation of defined benefit obligations is performed periodically using the projected unit credit method.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

3.13 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Finance lease income is recognised over the term of the lease using the effective yield method.

Service fees charged in respect of processing and other services are recognised as income in the period when the services are rendered.

Commission income on lease of motor vehicles is recognised on accrual basis.

3.14 Expenses

Selling, marketing, general and administrative expenses include direct and indirect costs not specifically part of cost of revenue as required under generally accepted accounting standards. Allocations between selling and marketing expenses, general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

Insurance and other costs of financed vehicles are disclosed separately in the statement of comprehensive income.

3.15 Operating leases

Rental expenses under operating leases are charged to the statement of comprehensive income over the period of the respective lease.

3.16 Zakat and taxes

In accordance with the regulations of the General Authority for Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia, the Company is subject to zakat. As explained in Note 2.1, provision for zakat is charged to the statement of changes in equity. Additional amounts payable, if any, at the finalisation of final assessments are accounted for when such amounts are determined.

Until 2016, zakat was charged to the statement of comprehensive income as per the requirements of IFRS. Therefore, these financial statements have been restated and the effects of the above change are disclosed in Note 5 to these financial statements.

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

4 Critical accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no critical accounting estimates and assumptions used in the preparation of these financial statements. Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

- 1- Provision for impairment of lease receivables - Note 3.8 and Note 8; and
- 2- Useful lives of property & equipment and intangible assets - Note 6 and Note 7.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

5 Change in accounting policy

The change in accounting policy for zakat (as explained in Note 2.1 and Note 3.16) has following impacts on the statements of comprehensive income and changes in equity:

Statement of comprehensive income for the year ended December 31, 2016:

	As previously stated	Effect of restatement	As restated
Zakat	1,551,018	(1,551,018)	-
Loss for the year	11,307,064	(1,551,018)	9,756,046
Total comprehensive loss for the year	11,307,064	(1,551,018)	9,756,046

Statement of changes in equity for the year ended December 31, 2016:

	As previously stated	Effect of restatement	As restated
Total comprehensive loss for the year	11,307,064	(1,551,018)	9,756,046
Zakat charge for the year	-	1,551,018	1,551,018

The above change in accounting policy did not have any effect on the statement of financial position as of December 31, 2016 and the statement of cash flows for year then ended.

6 Property and equipment

	January 1, 2017	Additions	December 31, 2017
<u>2017</u>			
Cost			
Vehicles	108,535	46,485	155,020
Furniture, fixtures and office equipment	745,283	216,592	961,875
	<u>853,818</u>	<u>263,077</u>	<u>1,116,895</u>
Accumulated depreciation			
Vehicles	(90,446)	(23,212)	(113,658)
Furniture, fixtures and office equipment	(176,621)	(348,897)	(525,518)
	<u>(267,067)</u>	<u>(372,109)</u>	<u>(639,176)</u>
	<u>586,751</u>		<u>477,719</u>
	January 1, 2016	Additions	December 31, 2016
<u>2016</u>			
Cost			
Vehicles	108,535	-	108,535
Furniture, fixtures and office equipment	625,040	120,243	745,283
	<u>733,575</u>	<u>120,243</u>	<u>853,818</u>
Accumulated depreciation			
Vehicles	(63,312)	(27,134)	(90,446)
Furniture, fixtures and office equipment	(102,972)	(73,649)	(176,621)
	<u>(166,284)</u>	<u>(100,783)</u>	<u>(267,067)</u>
	<u>567,291</u>		<u>586,751</u>

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
 (All amounts in Saudi Riyals unless otherwise stated)

Useful lives of property and equipment are as follows:

	Number of years
• Vehicles	4
• Furniture, fixtures and office equipment	3 - 5

7 Intangible assets

	Note	2017	2016
Software and license	7.1	4,280,614	5,025,068
Software under development	7.2	3,070,537	2,656,637
		<u>7,351,151</u>	<u>7,681,705</u>

7.1 Software and license

	2017	2016
Cost		
At beginning of year	5,211,182	-
Additions	-	5,211,182
At end of year	<u>5,211,182</u>	<u>5,211,182</u>

Accumulated amortisation

At beginning of year	(186,114)	-
Charge for the year	(744,454)	(186,114)
At end of year	<u>(930,568)</u>	<u>(186,114)</u>

Net book value

December 31	<u>4,280,614</u>	<u>5,025,068</u>
-------------	------------------	------------------

7.2 Software under development

This represents expenditure incurred in respect of software under development expected to be completed during 2018. See Note 20 for capital commitments in respect of software under development.

8 Net investment in finance leases

8.1 Reconciliation between gross and net investment in finance leases is as follows:

	2017	2016
Gross investment in finance leases	169,292,136	23,312,599
Unearned insurance income	(29,035,157)	(4,303,826)
Unearned finance income	(25,771,074)	(3,973,577)
Present value of minimum lease payments receivable	114,485,905	15,035,196
Provision for impairment of lease receivables	(1,378,678)	(380,623)
Net investment in finance leases	113,107,227	14,654,573
Investment in finance lease - non-current portion	(92,598,497)	(12,491,250)
Investment in finance lease - current portion	<u>20,508,730</u>	<u>2,163,323</u>

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

8.2 Credit quality analysis of investment in finance leases is as follows:

	2017	2016
Gross investment in finance lease		
Not past due	167,712,732	23,264,331
Past due	1,579,404	48,268
	<u>169,292,136</u>	<u>23,312,599</u>
Net investment in finance lease		
Not past due	111,659,197	14,607,093
Past due	1,448,030	47,480
	<u>113,107,227</u>	<u>14,654,573</u>

8.3 Aging analysis of past due receivables is as follows:

	2017	2016
Past due gross receivables		
Up to 3 months	1,422,214	48,268
3 to 6 months	140,139	-
6 to 12 months	17,051	-
	<u>1,579,404</u>	<u>48,268</u>
Past due net receivables		
Up to 3 months	1,391,753	47,480
3 to 6 months	50,729	-
6 to 12 months	5,548	-
	<u>1,448,030</u>	<u>47,480</u>

8.4 Maturity profile of gross investment in finance and present value of minimum lease payments receivables is as follows:

	2017	2016
Gross investment in finance leases		
Within one year	38,228,952	4,375,214
From one to three years	76,410,807	8,912,425
Three to five years	54,652,377	10,024,960
	<u>169,292,136</u>	<u>23,312,599</u>
Present value of minimum lease payments receivable		
Within one year	20,770,402	2,162,985
From one to three years	49,112,558	5,172,372
Three to five years	44,602,945	7,699,839
	<u>114,485,905</u>	<u>15,035,196</u>

8.5 The movement in provision for impairment of lease receivables is as follows:

	2017	2016
Opening balance	(380,623)	-
Charge for the year	(998,055)	(380,623)
Closing balance	<u>(1,378,678)</u>	<u>(380,623)</u>

RAYA FINANCING COMPANY**(A Saudi Closed Joint Stock Company)****Notes to the financial statements for the year ended December 31, 2017****(All amounts in Saudi Riyals unless otherwise stated)**

The Company currently generates substantially all of its revenues from leasing of motor vehicles in the Kingdom of Saudi Arabia. All the finance leases receivables of the Company are related to general customers. The credit risk on net investment in finance leases is mitigated by the retention of legal title documents of the leased assets. The net investment portfolio of Saudi Riyals 111.7 million (2016: Saudi Riyals 14.6 million) neither past due nor impaired has satisfactory history of repayments.

9 Prepayments and other receivable

	2017	2016
Prepayments	2,258,851	536,047
Repossessed assets held for resale	953,803	-
Advance for investment	892,850	-
Insurance claims	512,593	-
Other	153,642	239,435
	<u>4,771,739</u>	<u>775,482</u>

10 Cash and cash equivalents

	2017	2016
Cash in hand	5,000	5,000
Cash at bank	22,262,032	15,674,614
Term deposits	-	50,000,000
	<u>22,267,032</u>	<u>65,679,614</u>

Term deposits at December 31, 2016 were held by a commercial bank and yielded financial income at prevailing market rates.

11 Employee benefit obligations**11.1 Employee benefit obligations – Defined benefit plan**

The Company operates a defined benefit plan in line with the labor law requirements in the Kingdom of Saudi Arabia ("KSA"). The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the labor laws of the Kingdom of Saudi Arabia. Employees' end of service benefit plan is unfunded plan and the benefit payment obligations are met when they fall due.

11.2 Changes in present value of employee benefit obligations are as follows:

At January 1, 2017	1,188,133
Current service cost	300,944
Interest cost	38,020
Benefits paid	(31,209)
Remeasurements	259,178
Transfers (Note 19)	(367,595)
At December 31, 2017	<u>1,387,471</u>

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
 (All amounts in Saudi Riyals unless otherwise stated)

11.3 Significant actuarial assumptions

	2017
Discount rate	3.2%
Salary growth rate	3.2%
Retirement age	60 years

11.4 Sensitivity analysis for actuarial assumptions

	Change in assumption		Impact on employee benefit obligations	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	50 basis points	50 basis points	(69,822)	75,687
Salary growth rate	50 basis points	50 basis points	75,307	(70,148)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

11.5 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 10.5 years. The expected maturity analysis of undiscounted employee benefit obligations is as follows:

	2017
Less than a year	75,739
Between 1 – 2 years	95,594
Between 2 – 5 years	390,004
Over 5 years	1,470,246
	<u>2,031,583</u>

12 Accounts payable

	Note	2017	2016
Trade		5,335,364	613,989
Related parties	19	68,523,231	5,069,858
		<u>73,858,595</u>	<u>5,683,847</u>

13 Accrued and other liabilities

	2017	2016
Accrued expenses	887,427	528,823
Advance from customers	1,490,971	778,997
	<u>2,378,398</u>	<u>1,307,820</u>

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat matters

14.1 Components of approximate zakat base

	2017	2016
Equity at beginning of year	79,647,307	90,954,371
Provisions at beginning of year	1,169,952	940,833
Adjusted net loss for the year	(9,251,724)	(9,094,773)
Non-current assets, as adjusted	(7,828,870)	(8,268,456)
Net investment in finance leases - non-current portion	(92,598,497)	(12,491,250)
Approximate zakat base	<u>(28,861,832)</u>	<u>62,040,725</u>

Zakat is payable at 2.5 percent of higher of the approximate zakat base and adjusted net income.

14.2 Provision for zakat

	2017	2016
At beginning of year	1,551,018	-
Provision for the year	-	1,551,018
At end of year	<u>1,551,018</u>	<u>1,551,018</u>

No zakat provision has been recorded for the year ended December 31, 2017 due to negative zakat base at the end of year and adjusted net loss for the year.

15 Share capital

At December 31, the share capital consisting of 10 million shares of Saudi Riyals 10 each was held as follows:

Name	County of incorporation	2017	2016
		Shareholding	
Al Majdouie Motors Company Limited	Saudi Arabia	20%	20%
Al Majdouie Food Company Limited (formerly Al Majdouie Manufacturing Company Limited)	Saudi Arabia	20%	20%
Majd Real Estate Development Company Limited	Saudi Arabia	20%	20%
Al Majdouie Logistics Company Limited	Saudi Arabia	20%	20%
Al Majdouie Education and Training Company Limited	Saudi Arabia	20%	20%
Total		<u>100%</u>	<u>100%</u>

The Company is ultimately owned by Al Majdouie Holding Company Limited, which is a Saudi limited liability company registered in the Kingdom of Saudi Arabia.

During 2017, the shareholders of Al Majdouie Food Company Limited (formerly "Al Majdouie Manufacturing Company Limited") have transferred their shares in the Company to Al Majdouie Manufacturing Company. The legal formalities to register the change in shareholding are under process as of the date of approval of these financial statements.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

16 Income

	Note	2017	2016
Income from finance leases		11,447,681	529,426
Commission income	19	925,851	266,301
		<u>12,373,532</u>	<u>795,727</u>

17 Selling and marketing expenses

	2017	2016
Salaries and benefits	2,780,641	1,221,243
Commissions	1,226,907	35,640
Advertising and marketing	463,125	174,321
Other	98,744	53,431
	<u>4,569,417</u>	<u>1,484,635</u>

18 General and administrative expenses

	Note	2017	2016
Salaries and benefits	19	5,379,941	3,836,394
Software support		2,640,080	1,548,975
Depreciation and amortisation	6, 7	1,116,533	286,897
Rent	19	674,984	337,714
Support service costs	19	421,833	1,568,117
Board of Directors fees	19	201,615	232,566
Professional fees		173,000	107,000
Governmental fees		21,102	208,404
Other		1,098,540	397,695
		<u>11,727,628</u>	<u>8,523,762</u>

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
 (All amounts in Saudi Riyals unless otherwise stated)

19 Related party transactions and balances

19.1 Significant transactions with related parties in the ordinary course of business during the year were as follows:

	2017	2016
Al Majdouie Holding Company Limited - Ultimate Holding Company		
Support service costs charged to the Company	421,833	1,253,285
Employee benefit obligations transferred to the Company	(153,610)	-
Al Majdouie Motors Company Limited - Shareholder		
Purchases	102,766,280	16,615,117
Support service costs charged to the Company	-	314,832
Employee benefit obligations transferred from / (to) the Company	521,205	(33,350)
Commission income on lease of motor vehicles	904,293	266,301
Majd Real Estate Development Company Limited - Shareholder		
Rent charged to the Company	494,386	337,714
Key management personnel		
Salaries and benefits	720,970	690,881
Employee benefit obligations	26,941	27,434
Board of Directors fees	201,615	232,566

19.2 Accounts payable include the following amounts due to related parties:

	2017	2016
Al Majdouie Holding Company Limited - Ultimate Holding Company	368,147	374,387
Al Majdouie Motors Company Limited - Shareholder	68,039,735	4,581,299
Majd Real Estate Development Company Limited - Shareholder	97,276	100,685
Middle East Logistics Institute	13,648	-
Al Majdouie Food Company Limited (formerly Al Majdouie Manufacturing Company Limited)	1,854	727
Arjaa Travel and Tourism Company	1,820	-
Al Majdouie Logistics Company Limited - Shareholder	751	-
Arjaa Travel And Tourism Agency	-	12,760
	68,523,231	5,069,858

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
 (All amounts in Saudi Riyals unless otherwise stated)

20 Commitments

The capital expenditure contracted by the Company but not yet incurred till December 31, 2017 was approximately Saudi Riyals 0.2 million (2016: Saudi Riyals 0.4 million).

The operating lease commitments for the Company's office premises are as follows:

	2017	2016
Less than one year	<u>145,450</u>	<u>337,114</u>

21 Fair values of financial assets and financial liabilities

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

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

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs that are unobservable.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Where available, the fair value of net investment in finance lease is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

Fair value hierarchy of financial assets and financial liabilities

The fair value of financial assets and liabilities measured at amortised cost which approximate to their fair value.

Accounting classification and carrying values of financial assets and financial liabilities

Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values. All financial assets and financial liabilities of the Company are categorized as held at amortised cost.

22 Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and commission rate risk), credit risk and liquidity risk. The Company's overall risk management program, which is carried out by senior management, focuses on having cost effective funding as well as managing financial risks to minimize earning volatility and provide maximum return to shareholders. The risks faced by the Company and their respective mitigating strategies are summarized below.

22.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause a financial loss to the Company. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
(All amounts in Saudi Riyals unless otherwise stated)

The management analyses credit risk into the following categories:

Net investment in finance leases

Investment in finance lease receivables is generally exposed to significant credit risk. Therefore, the Company has established procedures to manage credit exposure including evaluation of lessees' credit worthiness, formal credit approvals, assigning credit limits, obtaining collateral such as title on leased assets, and personal guarantees whenever considered necessary. The Company also follows a credit classification mechanism as a tool to manage the quality of credit risk of the lease portfolio and grades the individual customers based on both subjectivity and payment history taking into consideration factors such as customer credit standing, financial strength, security and quality of management.

The Company monitors customers' grading on a regular basis. As at the statement of financial position date, past due but not fully impaired balances amounted to Saudi Riyals 1.58 million (2016: Saudi Riyals 0.05 million) out of which Saudi Riyals 0.16 million (2016: Nil) are outstanding for more than three months. The management believes that adequate provision has been accounted for, where required to address the credit risk. Further details related to net investment in finance leases and related risk are presented in Note 3.8 and Note 8 to these financial statements.

Cash and cash equivalents and other receivables

These are placed with banks having good credit ratings, and therefore are not subject to significant credit risk. Other receivables are not exposed to significant credit risk.

22.2 Commission rate risk

Commission rate risk is the uncertainty of future earnings resulting from fluctuations in commission rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to commission rate adjustment within a specified period. The most important source of such risk is the Company's leasing activities. As at the statement of financial position date, the Company has commission bearing financial assets of Saudi Riyals 113.1 million. However, the commission rates have been agreed with the respective customers.

22.3 Fair value and cash flow interest rate risks

Fair value and cash flow interest rate risks are the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's financial assets and liabilities are not exposed to fair value and cash flow interest rate risks.

22.4 Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company's financial instruments are not exposed to price risk.

22.5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no significant exposure to currency risk as it mainly deals in Saudi Riyals which is also the functional currency of the Company.

RAYA FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2017
 (All amounts in Saudi Riyals unless otherwise stated)

22.6 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet financial commitments. As at the December 31, 2017, the Company's contractual maturities of financial liabilities up to one year are of Saudi Riyals 74.66 million. The Company manages liquidity risk by maintaining sufficient cash and bank balances. As at balance sheet date, the maturity profile of the Company's financial assets and financial liabilities is as follows:

	Up to one year	One to three years	More than three years	Total
Financial assets - commission bearing:				
Net investment in finance leases	20,508,730	48,542,173	44,056,324	113,107,227
Financial assets - non commission bearing:				
Cash and cash equivalents	22,267,032	-	-	22,267,032
Other receivables	649,660	-	-	649,660
	43,425,422	48,542,173	44,056,324	136,023,919
Financial liabilities - non commission bearing:				
Accounts payable	73,858,595	-	-	73,858,595
Accrued and other liabilities	887,427	-	-	887,427
	74,746,022	-	-	74,746,022
Net financial assets:				
Commission bearing	20,508,730	48,542,173	44,056,324	113,107,227
Non commission bearing	(51,829,330)	-	-	(51,829,330)
	(31,320,600)	48,542,173	44,056,324	61,277,897

Also see Note 1.

23 Capital risk management

The Company's objective when managing capital is to safeguard Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

Total capital for the Company is calculated as 'total equity' as shown in the statement of financial position. As at 31 December 2017 and 2016, the Company had no debt and was therefore un-gearred.

24 Date of authorization of issue

The accompanying financial statements were authorized for issue by the Board of Directors on February 27, 2018.