ASHMORE INVESTMENT SAUDI ARABIA
(One Person Closed Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 30 June 2021
together with the
Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder
Ashmore Investment Saudi Arabia – One Person Closed Joint Stock Company

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Ashmore Investment Saudi Arabia - One Person Closed Joint Stock Company (the "Company"), which comprise the financial position as at 30 June 2021, statements of income, comprehensive income, changes in shareholder's equity, 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 Company as at 30 June 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

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

Other Matter

The financial statements of the Company for the year ended 30 June 2020, were audited by another auditor who expressed an unmodified opinion on those statement on 27 October 2020.

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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and the Company's Bylaws 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, i.e., the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

INDEPENDENT AUDITOR'S REPORT
To the Shareholder
Ashmore Investment Saudi Arabia – One Person Closed Joint Stock Company

Report on the audit of the financial statements (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 judgement and maintain professional skepticism throughout the audit. We also:

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

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder
Ashmore Investment Saudi Arabia – One Person Closed Joint Stock Company

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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.

Al-Bassam & Co.
Riyadh, Kingdom of Saudi Arabia

البسام وشركاؤه
محاسبون قانونيون
C.R.1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337

27 September 2021
20 Safar 1443

(*Amounts in Saudi Arabian Riyals*)

	Note	As at 30 June 2021	As at 30 June 2020
ASSETS			
Cash and cash equivalents	6	**33,145,759**	32,089,089
Advances and other current assets	7	**17,227,426**	11,595,184
Deferred tax assets	15	**3,456,515**	3,835,133
Property and equipment, net	9	**525,510**	569,865
Right of use assets	10	**-**	1,642
Total assets		**54,355,210**	48,090,913
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other current liabilities	11	**2,938,047**	1,813,120
Due to a related party	8	**4,730,709**	2,526,653
Lease liabilities	12	**-**	1,753
Accrued zakat and income tax provision	15	**796,436**	638,787
Employees' end of service benefits liability ("EOSB")	16	**1,070,867**	1,482,937
Total liabilities		**9,536,059**	6,463,250
EQUITY			
Share capital	1	**50,000,000**	50,000,000
Accumulated losses		**(6,181,419)**	(10,050,893)
Actuarial gains on EOSB		**1,000,570**	428,618
Share based payment reserve	8	**-**	1,249,938
Total shareholders' equity		**44,819,151**	41,627,663
Total liabilities and shareholders' equity		**54,335,210**	48,090,913

The accompanying notes (1) through (23) form an integral part of these financial statements.

(Amounts in Saudi Arabian Riyals)

	Note	For the year ended 30 June 2021	2020
Asset management fee income	*8*	**46,037,010**	26,070,054
Advisory fee income		**1,283,858**	1,152,076
Service fee income	*8*	**4,873,876**	3,653,832
Operating income		**52,194,744**	30,875,962
Salaries and employee related expenses	*13*	**16,615,840**	16,892,905
Asset management fee expenses	*8*	**26,799,402**	7,518,755
General and administrative expenses	*14*	**2,886,422**	2,845,103
Legal and professional fees		**945,611**	651,069
Operating expenses		**47,247,275**	27,907,832
Net operating income		**4,947,469**	2,968,130
Other income		**130,615**	470,982
Net income for the year before zakat and income tax		**5,078,084**	3,439,112
Zakat and income tax (expense)	*15*	**(1,208,610)**	(741,914)
Net income for the year after zakat and income tax		**3,869,474**	2,697,198

The accompanying notes (1) through (23) form an integral part of these financial statements.

(Amounts in Saudi Arabian Riyals)

	Note	For the year ended 30 June	
		2021	2020
Net income for the year after Zakat and Income Tax		**3,869,474**	2,697,198
Other comprehensive income			
Item that cannot be reclassified subsequently to statement of income			
Re-measurement of EOSB liability	*16*	**571,952**	411,014
Other comprehensive income/ (loss) for the year		**571,952**	411,014
Total comprehensive income for the year		**4,441,426**	3,108,212

The accompanying notes (1) through (23) form an integral part of these financial statements.

(*Amounts in Saudi Arabian Riyals*)

	Note	Share capital	Accumulated losses	Actuarial gains on employees' end of service benefits liability	Share based payment reserve	Total
Balance as at 1 July 2019		50,000,000	(12,748,091)	17,604	--	37,269,513
Equity-settled share based plan	*17*	--	--	--	1,249,938	1,249,938
Net income		--	2,697,198	--	--	2,697,198
Other comprehensive income	*16*	--	--	411,014	--	411,014
Total comprehensive income		--	2,697,198	411,014	--	3,108,212
Balance as at 30 June 2020		50,000,000	(10,050,893)	428,618	1,249,938	41,627,663
Balance as at 1 July 2020,		**50,000,000**	**(10,050,893)**	**428,618**	**1,249,938**	**41,627,663**
Equity-settled share based plan	*17*	--	--	--	**(1,249,938)**	**(1,249,938)**
Net income		--	**3,869,474**	--	--	**3,869,474**
Other comprehensive income	*16*	--	--	**571,952**	--	**571,952**
Total comprehensive income		--	**3,869,474**	**571,952**	--	**4,441,426**
Balance as at 30 June 2021		**50,000,000**	**(6,181,419)**	**1,000,570**	--	**44,819,151**

The accompanying notes (1) through (23) form an integral part of these financial statements.

(*Amounts in Saudi Arabian Riyals*)

	Note	For the year ended 30 June 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before zakat and income tax		**5,078,084**	3,439,112
Adjustments to reconcile net income before zakat and income tax to net cash generated from operating activities:			
Depreciation	*14*	**156,262**	752,219
Employees' end of service benefits	*16*	**508,379**	618,471
Finance cost on lease liability	*12*	**-**	15,431
Share-based payment expense	*17*	**1,172,173**	2,050,048
		6,914,898	6,875,281
Net (increase) / decrease in operating assets			
Due from a related party		**-**	1,343,920
Advances and other current assets		**(5,632,242)**	(3,082,379)
Net increase / (decrease) in operating liabilities			
Accrued expenses and other current liabilities		**1,124,927**	(161,821)
Due to a related party		**(18,165)**	2,526,653
		2,389,418	7,501,654
Zakat and income tax paid during the year	*15*	**(672,344)**	(961,853)
Employees' EOSB paid during the year	*16*	**(348,497)**	(364,183)
Cash settled share based payment	*17*	**(199,890)**	(800,110)
Net cash generated from operating activities		**1,168,687**	5,375,508
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchase of property and equipment	*9*	**(110,265)**	-
Net cash used in an investing activity		**(110,265)**	-
CASH FLOWS FROM A FINANCING ACTIVITY			
Payment of principal portion of lease liability	*12*	**(1,753)**	(640,955)
Net cash used in a financing activity		**(1,753)**	(640,955)
Net increase in cash and cash equivalents		**1,056,670**	4,734,553
Cash and cash equivalents at beginning of the year		**32,089,089**	27,354,536
Cash and cash equivalents at end of the year	*6*	**33,145,759**	32,089,089

The accompanying notes (1) through (23) form an integral part of these financial statements.

These financial statements are signed off on behalf of the Board of Directors based on the authorisation

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Ashmore Investment Saudi Arabia ("the Company") is One Person Closed Joint Stock Company formed under foreign license investment number 10293506737555, issued by the Saudi Arabian General Investment Authority on 13 Juma'da Al Thani 1435H (corresponding to 13 April 2014) and operates under commercial registration no. 1010420651 dated 7 Shawwal 1435H (corresponding to 3 August 2014).

The principal activities of the Company are to provide asset management services, including managing investment funds, client portfolio management, and advisory services in relation to the securities business pursuant to the Capital Market Authority ("CMA") license number 14174-22 dated 19/3/1435H (corresponding to 20 January 2014) of the Company. In addition to these activities, the CMA approved the Company's application to venture to arranging activities through its letter to the Company dated 29/4/1439H (corresponding to 16 January 2018).

The Company is registered at the following address:
P.O. Box 8022
Riyadh 12213
Kingdom of Saudi Arabia

The authorised, issued and fully paid share capital of the Company consists of 5 million shares of SAR 10 each. As at 30 June 2021 and 2020, the Company is owned by the following shareholders in the proportion set out below:

	30 June 2021			30 June 2020		
Names of shareholders	**No. of shares**	**Value per share**	**Total**	No. of shares	Value per share	Total
Ashmore Investment (UK) Ltd.	**5,000,000**	**10**	**50,000,000**	4,500,000	10	45,000,000
Dr. Khalild Al Sweilem	**-**		**-**	500,000	10	5,000,000
	5,000,000		**50,000,000**	5,000,000		50,000,000

During the year, Ashmore Investments (UK) Ltd, acquired all the outstanding shares held by Dr. Khalid Al Sweilem at a mutually agreed price. The regulatory process was completed on 25 August 2020.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants ("SOCPA") (hereinafter referred to as "IFRS as endorsed in KSA") and in compliance with the applicable requirements of the Regulation of Companies in the Kingdom of Saudi Arabia and the By-laws of the Company.

b) Basis of measurement and presentation

These financial statements have been prepared on a historical cost basis, except for EOSB liability which is measured at present value of future obligations using the Projected Unit Credit Method. These financial statements have been prepared on an accrual basis of accounting using the going concern assumption.

Assets and liability balances are presented in the statement of financial position in the order of liquidity.

2. BASIS OF PREPARATION (CONTINUED)

c) *Functional and presentation currency*

These financial statements are presented in Saudi Arabian Riyals (SAR) which is the functional and presentation currency of the Company. All financial information presented have been rounded off to nearest SAR unless otherwise stated.

d) *Use of estimates and judgements*

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

Areas where management has used significant estimates, assumptions and exercised judgements are as follows:

- Valuation of deferred tax assets – notes 4(f) and 15
- Valuation of employees' end of service benefits liability – notes 4(e) and 16
- Valuation of employees' share based payment plan – notes 4(e) and 17

3. GOING CONCERN

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are beginning to experience a "second wave" of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the effective measures taken by the Government, following which the Government has now ended the lockdowns and has begun taking phased measures to normalize international travel and resume Umrah pilgrimages.

The Company continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time. The management continues to evaluate the current situation through reviewing the funds it manages, its business strategy and risk management practices to manage the impact COVID-19 outbreak can have to its normal operations and financial performance. Furthermore management believes that based on their assessment, the Company has sufficient liquidity and financial resources available to meet its financial commitments as and when they become due and has the ability to continue as a going concern in the foreseeable future. As a result, these financial statements have been prepared on a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented. Where policies are applicable only from or before 1 July 2021, those policies have been particularly specified.

a) *Cash and cash equivalents*

Cash and cash equivalents comprise of cash on hand, cash at banks in current accounts and other short-term highly liquid placements with banks having original maturities of three months or less from the date of its date of original purchase/acquisition.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognised in the income statement when incurred. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful life of individual items of property and equipment.

The estimated useful lives of property and equipment are as follows:

	Years
Furniture and office equipment	4
Motor vehicles	4

Leasehold improvements are depreciated over 10 years or lease term, whichever is shorter.

c) Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

d) Employees' benefits

Short-term employee benefits
Short-term employee benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits under "accrued expenses and other current liabilities" in the statement of financial position.

Post-employment benefits obligation

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits under "accrued expenses and other current liabilities" in the statement of financial position.

The Company provides end of service benefits to its employees in accordance with the requirements of Articles 87 and 88 of the Saudi Arabian Labor Law. The entitlement to these benefits, is based upon the employees' basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognised over the service period. The employee benefits obligation plan is not funded. The valuation of the obligation under those plans is carried out by an independent actuary based on the projected unit credit method.

The liability recognised in the statement of financial position is the present value of the employees' benefits obligation at the end of the reporting period. The employees' benefits obligation is calculated annually by independent actuary using the projected unit credit method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Employees' benefits (continued)

Post-employment benefits obligation

End of service benefits (continued)

The present value of the employees' benefits obligation is determined by discounting the estimated future cash outflows using the yield available on Citi Pension Liability Index of duration equal to the duration of the liability. Past-service costs, if any, are recognised immediately in the statement of income.

The special commission cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Share-based payment plan

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

e) Zakat and income tax

Zakat and income tax
The Company's Saudi shareholders are subject to zakat in accordance with the regulations of the General Authority for Zakat and Tax ("GAZT") as applicable in the Kingdom of Saudi Arabia. The zakat charge is computed on the zakat base.

The Company's foreign shareholders are subject to income tax in accordance with the regulations of GAZT as applicable in the Kingdom of Saudi Arabia. Income tax is computed on adjusted net income.

An estimate of zakat and income tax provisions are charged to statement of income.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liability is recognised for all temporary differences. Deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

f) Withholding tax payable

The Company withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with GAZT regulations.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of income. Impairment losses in respect of non-financial assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had there been no impairment loss had been recognised.

h) Foreign currency transactions

Transactions in foreign currencies are translated into SAR at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into SAR at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are also translated into SAR at the exchange rate at the reporting date.

Foreign currency differences arising on translation are recognised in the statement of income as net foreign exchange gains or losses, except for those arising on financial instruments at fair value through income statement ("FVTIS"), which are recognised as a component of net gain from financial instruments at FVTIS.

i) Statutory reserve

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholders.

j) Expenses

Salaries and short-term employee benefits are measured on an undiscounted basis and is expensed as the related service is provided.

General and administrative expenses and other expenses are expensed as incurred.

k) Assets held in trust or in a fiduciary capacity

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company and accordingly treated as off-balance sheet items.

l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Provisions (continued)

be required to settle the obligation and a reliable estimate of the amount can be made of the amount of obligation.

m) Revenue from contracts with customers

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. The revenue is recognised when The Company transfers the services to customers at an amount that the Company expects to be entitled to in exchange for those services.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as a principal in its revenue arrangements since it has exposure to the significant risks and rewards.

The details of the Company's revenues and the method of their recognition in accordance with IFRS 15 are as follows:

Asset management fee income
Asset management fees are recognised based on a fixed percentage of net assets under management ("asset-based"), or a percentage of returns from net assets ("return-based") subject to applicable terms and conditions and service contracts with customers and funds. The Company attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Company's efforts to transfer the services for that period. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

Advisory fee income
Advisory fees are recognised based on the applicable service contract, as the services are rendered under the applicable service contracts using the five-step approach to revenue recognition above.

Special commission revenue
Special commission income is accrued and recognised using the effective commission method.

Service fee income
Service fees are referral fee income for introducing the Company's clients to one of the Company's related parties and are recognised based on agreed rates upon successful referral.

n) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

After initial recognition, the lease liability is measured by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit or loss.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases (less than 12 months) and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

o) Financial instruments

i) Financial assets

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortised cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:
- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income ("FVOCI"), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through income statement ("FVTIS").

The Company only holds debt instruments measured at amortised cost.

Financial assets classified as amortised cost
Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.
The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers various factors.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) *Financial instruments (continued)*

i) *Financial assets (continued)*

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognised on an effective yield basis for debt instruments measured subsequently at amortised cost. Special commission is recognised in the statement of income.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses ("ECL") on debt instruments that are measured at amortised cost. The amount of ECL reflects changes in credit risk since initial recognition of the respective financial instrument. The Company applies the simplified approach to calculate impairment on its financial assets at amortised cost, whenever applicable and this always recognises lifetime ECL on such exposures. The Company recognises impairment loss, if any, in the statement of income with a corresponding adjustment to their carrying amount through a loss allowance account.

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

ii) *Financial liabilities*

Financial liabilities carried at amortised cost have been classified and measured at amortised cost using the effective yield method.

All financial liabilities of the Company is classified and carried at amortised cost.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of amendments and standards were issued where earlier application is permitted. However, the Company has not early applied these new amendments and standards in preparing these financial statements.

Standards and amendments issued but not yet effective applicable to the Company's financial statements but not expected to have a significant impact are listed below:

a. Amendments to References to Conceptual Framework in IFRS standards;
b. Definition of a Business (Amendments to IFRS 3);
c. Definition of Material (Amendments to IAS 1 and IAS 8); and
d. Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform.

6. CASH AND CASH EQUIVALENTS

	Note	30 June 2021	30 June 2020
Cash on hand		**11,433**	24,754
Cash at bank		**13,134,326**	10,064,335
Cash equivalents	6.1	**20,000,000**	22,000,000
		33,145,759	32,089,089

6.1 As at 30 June 2021, the cash equivalents comprise of Murabaha placements with original maturity of less than three months and carry profit rate ranging from 0.5% to 0.6% per annum (30 June 2020: 0.9% per annum).

7. ADVANCES AND OTHER CURRENT ASSETS

	30 June 2021	30 June 2020
Accrued asset management and advisory fee income	**16,284,851**	11,389,319
Rent deposit	**64,097**	64,097
Other prepayments and current assets	**878,478**	141,768
	17,227,426	11,595,184

Other prepayments and current assets includes payment to General Authority for Zakat and Tax ("the Authority") as a result of an assessment issued over Value Added Tax ("VAT") Returns for the financial years ended 30 June 2019 and 2020. The Company has filed an appeal with the Authority with all the relevant supporting documents. Refer Note 22 for further details.

8. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties of the Company include shareholders, funds managed by the Company, affiliated entities and Board of Directors of the Company. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms. In addition to the related party transactions disclosed elsewhere in these financial statements, the other significant related party transactions for the period ended and balances resulting from these transactions are as follows:

Name of related parties	Nature of Relationship	Nature of transaction	Note	For the year ended 30 June 2021	For the year ended 30 June 2020
Funds managed by the Company	Funds under management	Asset management fee income		**46,037,010**	26,070,054
Ashmore Company Plc	Affiliated entity	IT-related expense	*8.1*	**1,139,190**	956,709
Ashmore Investment Management (UK) Limited	Affiliated entity	Service fee income	*8.2*	**4,873,876**	3,653,832
Ashmore Investment Management (UK) Limited	Affiliated entity	Asset management fee expenses	*8.3*	**26,799,402**	7,518,755
Ashmore Cayman Limited	Affiliated entity	Share based Payment Plan	*17*	**2,222,221**	-
Board of Directors	Board members	Directors' remuneration		**412,500**	344,375
Key management personnel of the Company	Senior executive management	Short-term benefits	*8.4*		9,614,205
		Post-employment benefits	*8.4*		321,893
		Share-based payment expense	*8.4*		555,556

8. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

The above transactions resulted in the following balances with Ashmore Company Plc (UK):

	30 June 2021	30 June 2020
Due from Ashmore Company Plc (UK)	**2,541,491**	9,959,234
Due to Ashmore Company Plc (UK)	**(7,272,200)**	(12,485,887)
Due (to) / from Ashmore Company Plc (UK)	**(4,730,709)**	(2,526,653)

8.1 The Company has outsourced its complete IT operations to Ashmore Company Plc and signed service level agreement based on which the Company receives invoices on a quarterly basis for the IT services provided.

8.2 Based on the agreement between the Company, Ashmore Investment Management (UK) Limited and Ashmore Investment Advisors (UK) Limited, the Company receives service / referral fee for introducing its clients to Ashmore Investment Management (UK) Limited / Ashmore Investment Advisors (UK) Limited.

8.3 Based on agreements between the Company and Ashmore Investment Management (UK) Limited, the Company pays fund management fee to Ashmore Investment Management (UK) Limited for receiving professional advice in the management of the funds it manages.

8.4 Key management personnel includes Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

8.5 Intercompany receivables and payables are settled between the Company and Ashmore Company Plc on behalf of its subsidiaries.

9. PROPERTY AND EQUIPMENT, NET

	30 June 2021				30 June 2020
	Leasehold improvements	**Motor Vehicle**	**Furniture and office equipment**	**Total**	Total
Cost:					
At beginning of the year	**1,157,601**	**85,700**	**397,933**	**1,641,234**	1,641,234
Additions	**-**	**-**	**110,265**	**110,265**	-
At end of the year	**1,157,601**	**85,700**	**508,198**	**1,751,499**	1,641,234
Accumulated depreciation:					
At beginning of the year	**(635,999)**	**(66,081)**	**(369,289)**	**(1,071,369)**	(917,638)
Charge for the year	**(117,487)**	**(19,619)**	**(17,514)**	**(154,620)**	(153,731)
At end of the year	**(753,486)**	**(85,700)**	**(386,803)**	**(1,225,989)**	(1,071,369)
Net book value:					
At 30 June 2021	**404,115**	**-**	**121,395**	**525,510**	
At 30 June 2020	521,602	19,619	28,644		569,865

10. RIGHT OF USE ASSETS

	Office Space	
	2021	**2020**
Cost:		
As at 1 July	**600,130**	-
Additions	**-**	600,130
As at 30 June	**600,130**	600,130
Depreciation:		
As at 1 July	**598,488**	-
Charge for the year	**1,642**	598,488
As at 30 June	**600,130**	598,488
Net book value:		
As at 30 June	**-**	1,642

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

		30 June 2021	30 June 2020
Taxes payable		**1,697,621**	616,651
Directors fees		**412,500**	412,500
Insurance		**-**	169,982
Professional fees		**377,500**	433,750
Utilities		**74,079**	100,000
Staff-related expenses		**70,237**	70,237
Other current liabilities	*11.1*	**306,110**	10,000
		2,938,047	1,813,120

11.1 Other current liabilities include rebates on, internet charges and miscellaneous labilities.

12. LEASE LIABILITIES

	30 June 2021	30 June 2020
Balance as at 1 January	**1,753**	627,277
Payment of lease liabilities	**(1,753)**	(640,955)
Finance cost	**-**	15,431
	-	1,753

13. SALARIES AND EMPLOYEES RELATED EXPENSES

	Note	**30 June 2021**	30 June 2020
Salaries		**7,689,229**	7,774,585
Bonuses		**5,718,750**	5,275,000
Share-based payment expense	*17*	**1,172,173**	2,050,048
Employees’ end of service benefits expense	*16*	**508,379**	618,471
Directors fees		**412,500**	344,375
Staff insurance		**279,421**	419,687
Others		**835,388**	410,739
		16,615,840	16,892,905

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	**30 June 2021**	30 June 2020
IT-related services fee	*8.1*	**1,139,190**	956,709
Depreciation		**154,620**	752,219
Communication expense		**534,244**	401,460
Insurance expense		**324,357**	305,267
Travelling expense		**85,467**	204,467
Rent expense		**498,706**	--
Others		**149,838**	224,981
		2,886,422	2,845,103

15. ZAKAT AND INCOME TAX PROVISION

During the year, shares of Saudi shareholder were transferred to non-GCC shareholder, as result the Company is 100% owned by non-GCC shareholders (30 June 2020: 10% owned by Saudi shareholder and 90% owned by non-GCC shareholder). Therefore, from the beginning till the date of transfer, the Company is subject to Zakat on 10% share of Saudi shareholder and income tax on share of non-GCC shareholder. From the date of transfer of shares, the Company is subject to tax attributable to its non-GCC shareholders from the date of transfer. The movements of zakat and income tax provision are as follows:

	30 June 2021	30 June 2020
Balance at beginning of the year	**638,787**	1,032,656
Income tax provision for the year	**776,936**	460,089
Zakat provision for the year	**19,500**	107,895
Adjustment for prior year	**33,557**	-
Payments made during the year	**(672,344)**	(961,853)
Balance at end of the year	**796,436**	638,787

The key components of zakat and income tax bases and calculation of zakat and income tax charges are as follows:

	30 June 2021	30 June 2020
Zakat		
Share capital	**50,000,000**	50,000,000
Actuarial losses on employee's end of service benefits liability	**428,618**	17,604
Adjusted profit for the year	**558,646**	3,863,240
Employees' end of service benefits	**1,134,440**	1,274,855
Provisions	**2,903,027**	110,619
	55,024,731	55,266,318
Less:		
Fixed assets	**525,510**	571,507
Accumulated losses	**10,050,893**	12,720,944
	10,576,403	13,292,451
Zakat base	**44,448,328**	41,973,867
Saudi shareholder's share of Zakat base (10%)	**4,947,615**	4,197,387
Zakat @ 2.5% adjusted for number of days	**19,500**	107,895
Current income tax		
Foreign shareholder share of net income (20%)	**3,884,681**	2,300,444
Income tax at 20%	**776,936**	460,089
Prior year adjustment	**33,557**	-
Deferred tax credit		
Reversal of temporary differences and unrecognised tax losses	**378,617**	173,930
Total zakat and income tax expense / (benefit) for the year	**1,208,610**	741,914

15. ZAKAT AND INCOME TAX PROVISION (CONTINUED)

Deferred taxes are arising from temporary differences relating to end of service benefits, property and equipment, unrecognised losses, etc. The movement of the deferred taxes is as follows:

	30 June 2021	30 June 2020
Balance at beginning of the year	**(3,835,133)**	(4,009,063)
Reversal / (Origination) of temporary differences	**74,438**	20,795
Reversal / (recognition) of previously unrecognised tax losses	**279,889**	153,135
Reversal due to change in shareholding	**24,291**	
Deferred tax expense / (benefit)	**378,617**	173,930
Balance at end of the year	**(3,456,515)**	(3,835,133)

The management reassessed future profitability of the Company on 30 June 2021. In line with the Company's business plan, the management expects that there will be sufficient future taxable profit in the subsequent years to which these deferred tax assets will be utilized. Thus, the Company recognised deferred tax assets on temporary differences and carried forward tax losses amounting to SR 3.46 million as at 30 June 2021 and SR 3.83 million as at 30 June 2020.

15.1 ***Status of assessments***

The Company has filed its zakat and tax returns for all years up to 2020. During the year, the Company received request for further information from GAZT for the tax years 2016 and 2019, which was provided in time and the Company received clearance from GAZT for the mentioned years.

16. EMPLOYEES' END OF SERVICE BENEFITS LIABILITY

During the year, the actuarial valuations of the defined benefit obligation were carried out under the Projected Unit Credit Method.

16.1 The amounts recognised in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

	30 June 2021	30 June 2020
Present value of the defined benefit obligation opening balance	**1,482,937**	1,639,663
Statement of income		
Current service cost	**482,221**	567,467
Finance cost on defined benefit obligation	**26,158**	51,004
Cash movement		
Benefits paid during the period	**(348,497)**	(364,183)
Other comprehensive income		
Actuarial (gain) / loss	**(571,952)**	(411,014)
Present value of defined benefit obligation closing balance	**1,070,867**	1,482,937

16.2 Principal actuarial assumptions:

	30 June 2021	30 June 2020
Discount rate (% per annum)	**2.50%**	2.00%
Rate of change in salary (% per annum)	**+2.50%**	+4.24%

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region. Attrition rates have been determined using benchmarks and adjusted for Company's own experience.

16. EMPLOYEES' END OF SERVICE BENEFITS LIABILITY (CONTINUED)

16.3 Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the defined benefit obligation valuation as at 30 June 2021 and 30 June 2020 to the key assumptions mentioned in 16.2 above.

	SAR'000		
30 June 2021	**Impact on defined benefit obligation – Increase / (Decrease)**		
Base scenario	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**1.00%**	**(64)**	**73**
Expected rate of salary increase	**1.00%**	**77**	**(70)**

	SAR'000		
30 June 2020	Impact on defined benefit obligation – Increase / (Decrease)		
Base scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	(96)	114
Expected rate of salary increase	1.00%	113	(102)

16.4 Expected maturity

Expected maturity analysis of undiscounted defined benefit obligation for the end of service plan is as follows:

SAR'000

30 June 2021	**1 year**	**2 to 5 years**	**6 to 10 years**	**More than 10 years**	**Total**
1,071	**150**	**460**	**271**	**389**	**2,341**

30 June 2020	1 year	2 to 5 years	6 to 10 years	More than 10 years	Total
1,482	197	587	392	543	1,719

The weighted average duration of the defined benefit obligation is 6.38 years on 30 June 2021, and 6.96 years on 30 June 2020.

17. SHARE-BASED PAYMENT ARRANGEMENT

On 30 September 2019, the Company introduced equity-settled share-based payment plan ("the Plan") that entitles employees to receive Class B shares (each with grant date fair value of SAR 10) of Ashmore Cayman Limited ("Ashmore Cayman") established for the purpose of owning a share of the Company.

In accordance with the Plan, the Company is to issue shares representing 10% of the Company's share capital outstanding as of 30 June 2021 to Ashmore Cayman. Class B shares to be granted to employees shall correspond to the equity interest to be owned by Ashmore Cayman in the Company. All of the above shares are awarded to eligible employees. Vesting condition is service of 5 years.

17. SHARE-BASED PAYMENT ARRANGEMENT

Equity settled share based payment arrangement

Awards outstanding under the plan are as follows:

	30 June 2021		30 June 2020	
	Number of shares subject to awards	**Fair value at grant date**	Number of shares subject to awards	Fair value at grant date
At beginning of the year	311,099	-	-	-
Granted	-	-	311,099	10
Vested	(19,989)	10	-	-
Lapsed	(13,332)	10	-	-
Awards outstanding at year end	**277,778**		**311,099**	

During the year 19,989 shares vested and settled in cash, and 13,332 shares lapsed as a result of employee leavers.

During the year the Company recognised total share-based payment expense of SAR1.2m in relation to the equity-settled share plan.

With effect from 1 July 2020, the SBP reserve in the Company was transferred and reflected as an intercompany payable balance with the AISA Ashmore Cayman that settles the share awards at the end of the 5 year vesting period.

The fair value of SR 10 per share is based on the most recent immediate vesting of shares to an employee at the grant price of SR 10.

18. REGULATORY REQUIREMENTS FOR CAPITAL AND CAPITAL ADEQUACY

CMA has issued Prudential Rules ("the Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, CMA prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology. In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

	30 June 2021	30 June 2020
Capital base:	**SAR in "000"**	SAR in "000"
Tier 1 Capital	**40,362**	36,114
Tier 2 Capital	**--**	--
Total capital base	**40,362**	36,114
Minimum capital requirement:		
Market risk	**--**	--
Credit risk	**11,641**	5,517
Operational risk	**11,812**	6,977
Total minimum capital required	**23,453**	12,494

18. REGULATORY REQUIREMENTS FOR CAPITAL AND CAPITAL ADEQUACY (CONTINUED)

	30 June 2021 SAR in "000"	30 June 2020 SAR in "000"
Capital adequacy ratio:		
Surplus in capital	**16,909**	23,620
Tier 1 capital ratio (time)	**1.72**	2.89
Total capital ratio (time)	**1.72**	2.89

The capital that the Company are required to hold is determined by on-balance sheet, off-balance sheet, counterparty and other risk exposures. Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios. These processes are designed to ensure that the Company has sufficient capital available to meet local regulatory capital requirements at all times.

a) Capital base of the Company comprises of

- **Tier-1 capital** consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves.

- **Tier-2 capital consists of revaluation reserves.**

b) The minimum capital requirements for market, credit and operational risk are calculated as based on the requirements specified in the Part 3 of the Prudential Rules issued by the CMA.

c) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholder value. Risk management is an ongoing process which requires continuous identification, analysis, mitigation and monitoring of risks and controls.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has dedicated Risk and Compliance function. Day-to-day risk management activities are managed within each respective business unit. The Board of Directors meets on a quarterly basis and is updated on all relevant aspects of the business, including risk management matters.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The company has exposure to the following risks arising from financial instruments:
- Market risk;
- Credit risk; and
- Liquidity risk.

19.1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and may cause the other party to incur a financial loss. The Company is exposed to credit risk mainly arising from cash and cash equivalents, due from related parties and advances and other current assets .

The Company's risk management policies and processes are designed to identify and analyse risk, to set appropriate limits and controls, and to monitor the risks and adherence to limits by means of timely and reliable management information data.

The Company's maximum exposure to credit risk is as follows:

	30 June 2021	30 June 2020
Cash and cash equivalents	**33,134,326**	32,089,089
Advances and other current assets	**16,296,194**	11,455,017
	49,430,520	43,544,106

Based on management assessment, the Company has limited exposure to credit risk due to the following:

a. *Cash and cash equivalents* are maintained with banks having sound credit ratings.
b. *Advances and other current assets* represent mainly accrued assets, management fees receivable and rent deposits, which are considered as low credit risk by the Company.

19.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments. The Company is not exposed to significant liquidity risk as the Company has adequate liquid assets available that exceeded current liabilities by SR 41.90 million as at 30 June 2021 (30 June 2020: 38.70 million).

19.3 Special commission rate risk

Special commission rate risk is the exposure to risks associated with the effect of fluctuations in the prevailing special commission rate on the Company's financial position and cash flows. The Company's only commission bearing assets are short-term deposits placements maintained with a local bank carrying fixed rates. Hence, the Company is not exposed to special commission rate fluctuations.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

19.4 Currency risk

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The Company's transactions are principally denominated in Saudi Riyals, United States Dollars and Pound Sterling. Other transactions in foreign currencies are not material. Currency risk is managed on a regular basis by monitoring movements in currency exchange rates. Management believes that there is insignificant risk of losses due to exchange rate fluctuation as most of the Company's monetary assets and liabilities are primarily in US dollars which is pegged with the Saudi Riyal.

20. ASSETS HELD UNDER MANAGEMENT

Assets under management ("AUM") represent investment funds and discretionary and non-discretionary portfolio assets managed by the Company in its capacity as the Fund Manager. As at 30 June 2021, AUM amounted to SAR 6.95 billion (30 June 2020 SAR 4.54 billion).

The funds under management of the Company are as follows:

- Ashmore Saudi Equity Fund
- Ashmore GCC Diversified Trade Fund
- Ashmore GCC Education Fund
- Ashmore Saudi Food Fund
- Ashmore Short Duration Fund
- Ashmore Investment Fund 3
- Ashmore Health Care Fund 1
- Ashmore Health Care Fund 2

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales was reported on the valuation day are valued at the most recent bid price. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. When measuring the fair value the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2021 and 30 June 2020, no financial assets or liabilities were measured at FVTIS or FVOCI.

The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position as at 30 June 2021 and 30 June 2020 as these are carried at amortized cost.

22. CONTINGENCIES AND COMMITEMENTS

During the year, the Authority issued assessments amounting to SR 712,953 as under paid VAT for the financial years of 2019 & 2020. However, based on consultation with the Company's advisors, management believes that the Company will be able to recover the amount paid to the Authority and has already applied an objection to the said assessments.

23. BOARD OF DIRECTORS' APPROVAL

The financial statements were approved by the Board of Directors on 14 Safar 1443H, corresponding to 21 September 2021.