

**GULF FINANCE COMPANY– (Under Liquidation)**  
**(A Saudi Closed Joint Stock Company)**  
**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31 December 2022**  
**AND**  
**INDEPENDENT AUDITOR’S REPORT**

**GULF FINANCE COMPANY (Under Liquidation)**  
**(A Saudi Closed Joint Stock Company)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 December 2022**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF GULF FINANCE COMPANY REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(1 /3)

#### OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets of the Gulf Finance Company as at 31 December 2022, and its changes in net assets for the year then ended in accordance with the standard "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" that are issued in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

We have audited the financial statements of the Company, which comprise of the following:

- The statement of net assets as at 31 December 2022;
- The statement of changes in net assets for the year then ended;
- The notes to the financial statements.

#### 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 code of professional 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" issued in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and 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.

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF GULF FINANCE COMPANY REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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#### 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 misstatements, 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 risk 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 by the management; and
- 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.



**PKF**

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF GULF FINANCE COMPANY REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Paragraph 135 of the Companies Law Requires that the auditor includes in his report what might come to his attention with respect to non-compliance of the terms of the Company Law or the terms of the Company's bylaws. During the course of our current audit of the financial statements, we have noted following non-compliances of the Company Law, having no material impact on the financial statements:

- 1) The shareholders of the Company held a meeting on November 01, 2022, and resolved to liquidate the Company. This resolution was not yet published as of the date of this report, which is a non-compliance of Companies Law Article 150 in the Kingdom of Saudi Arabia

For Al-Bassam & Co.

Ahmed Abdulmajeed Mohandis  
Certified Public Accountant  
License No. 477  
Riyadh: 17 Shabaan 1444H  
Corresponding to: 9 March 2023



#### RIYADH

Tel. +966 11 206 5333 | P.O Box 69658  
Fax +966 11 206 5444 | Riyadh 11557

#### JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651  
Fax +966 12 652 2894 | Jeddah 21454

#### AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636  
Fax +966 13 893 3349 | Al Khobar 11557

**GULF FINANCE COMPANY (Under Liquidation)**  
**(A Saudi Closed Joint Stock Company)**  
**STATEMENT OF NET ASSETS**  
**AS AT 31 DECEMBER 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	<b>Note</b>	<b>31 December 2022</b>
<b>ASSETS</b>		
Cash and bank balances	4	4,237,700
Prepayments and other receivables		103,311
Due from shareholder	5	-
Net investment in Islamic financing	6	87,010,700
Restricted cash deposits	7	2,267,000
<b>TOTAL ASSETS</b>		<b>93,618,711</b>
<b>LIABILITIES</b>		
Other payables and accruals	8	2,247,115
Due to related parties	5	675,239
Provision for zakat	10	126,513
Financial facilities	11	65,417,190
Employees' post-employment benefits	12	584,816
<b>TOTAL LIABILITIES</b>		<b>69,050,873</b>
<b>NET ASSETS (EQUITY)</b>		<b>24,567,838</b>

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

**GULF FINANCE COMPANY (Under Liquidation)**  
**(A Saudi Closed Joint Stock Company)**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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	<b>Note</b>	<b>2022</b>
<b>Income from Islamic Financing, Net</b>	14	<b>12,202,234</b>
Finance cost	15	(8,576,968)
General and administrative expenses	16	(9,801,433)
Other Income	17	1,216,979
Impairment on Liquidation		(35,493,211)
Zakat	10	(132,600)
<b>Net decrease in net assets of liquidation</b>		<b>(40,584,999)</b>
<b>Net assets of liquidation as at 1 January 2022</b>		<b>65,152,837</b>
<b>Net assets of liquidation as at 31 December 2022</b>		<b>24,567,838</b>

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

**GULF FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**1. LEGAL STATUS AND OPERATIONS**

Gulf Finance Company ("the Company") is a Saudi closed Joint-Stock Company formed under the laws of the Kingdom of Saudi Arabia and registered under the commercial registration under No. 1010369744 and unified No. 7013624916 on 28 Dhul Qa'adah 1433H (corresponding to 14 October 2012).

On 15 December 2013 and in accordance with article 6 of the implementing regulations of the law of supervision of finance companies, the Company submitted its application to the Saudi Central Bank (SAMA) to obtain its license as a financing company. On 3 Jumada al-Akhirah 1435H (corresponding to 3 April 2014), the Company obtained the preliminary approval on the license from SAMA. On 16 Safar 1436H (corresponding to 8 December 2014) the Company obtained the license from SAMA to engage in the finance lease activities. The principal of activities of the Company includes financial lease, financing production assets to Small and Medium Enterprises (SMEs).

The Company's Head Office is located at the following address:

Gulf Finance Company  
Al Hokair Holding Group Building,  
Ground Floor, North Ring Road, Al Murooj Area  
P.O. Box 240249  
Riyadh 11322  
Kingdom of Saudi Arabia

The Company's activities as per the commercial registration of the Company include:

(a) Wholesale and retail trade in cars and vehicles, trucks, tankers and heavy equipment, electrical and electronic devices and its spare parts in cash and installment; and

(b) Purchase of land for the construction of buildings and the investment of these buildings by selling or leasing them for the benefit of the Company provided that the real estate shall be outside the boundaries of Makkah and Madinah.

The Company has the following branches:

S. No	Branch	C.R. No.	Date
1	Riyadh	7013624916	26 Jumada Al-Awwal 1434H
2	Jeddah*	7001738363	28 Dhul Qada 1433H
3	Dammam**	2050091775	12 Rajab 1434H

\*The Company is in cancellation process of Commercial Registration

\*\*The commercial registration of the branch has been expired. As of 31 December 2022, the branch is not operational.

**GULF FINANCE COMPANY**  
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**2. BASIS OF PREPARATION**

**2.1. STATEMENT OF COMPLIANCE**

On November 01, 2022, the board of directors passed a resolution to recommend the Shareholder's General Assembly to liquidate the Company and the same has been communicated to SAMA. Accordingly, financial statements of the Company for the year ended December 31, 2022 have been prepared on the basis of liquidation in accordance with the standard "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" issued in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Company's financial year begins on 1 January and ends on 31 December. Contrary to the standards applicable to entities operating on a going concern basis, the "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" standard requires estimates for future income and costs, and for the amounts expected to be realized from the realization of assets and settlement of liabilities to the date of the end of the liquidation in accordance with the assumptions regulated by the standard, and that may affect the amounts presented in the financial statements and the accompanying notes thereto. The final amounts realized may differ from such estimates

Assets and liabilities in the statement of net assets are presented in the order of liquidity.

**2.2. BASIS OF MEASUREMENT**

These financial statements are prepared under the liquidation basis with all the assets and liabilities measured at realizable values.

**2.3. FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

**3. LIQUIDATION BASIS OF ACCOUNTING**

As a result of the approved liquidation decision, the Company's liquidation has been considered inevitable; therefore, the liquidation basis of accounting has been applied for the entire financial period, during which the liquidation decision was taken, and the subsequent years/ periods according to the requirements of the standard "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure". The liquidation basis is as follows:

- i. Measure the Company's assets at the amount of cash or compensation expected to be collected upon disposal of such assets.
- ii. Measure the liabilities at the contractual amount due to settle such liabilities
- iii. Recognize other assets that were not recognized in accordance with the financial reporting framework applicable to the entity when it was a going concern when an estimated value can be determined reliably, and it is expected to be sold in liquidation or settlement of liabilities thereto.
- iv. Recognize the entitlement of the expected costs to dispose of assets or other items expected to be sold in the liquidation and present them in the statement of net assets of the liquidation deducted from the related assets thereto or present the total of such costs separately from the assets when they can be estimated reliably and whenever the assumptions of this estimate are realizable.
- v. Recognize the costs and items of income expected to be incurred or earned (for example, salary costs or income from previous existing orders that the entity expects to complete during liquidation) until the end of the liquidation, when they can be estimated reliably, and the assumptions of that estimate are realizable.

**GULF FINANCE COMPANY**  
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**4. CASH AND BANK BALANCES**

	<b>Note</b>	<b>31 December 2022</b>
Cash at bank	<b>4.1</b>	<b>4,234,700</b>
Cash in hand		<b>3,000</b>
		<b>4,237,700</b>

**4.1.** The Company does not earn profit on current accounts with banks.

**5. RELATED PARTY TRANSACTIONS AND BALANCES**

**Transactions during the year**

<b>Names of Related Parties</b>	<b>Nature of Relationship</b>	<b>Nature of transactions</b>	<b>Note</b>	<b>2022</b>
Gulf Finance Company PJSC – UAE	Shareholder	Allocation of software and related cost		<b>(134,552)</b>
		Allocation of support services relating to IT software		<b>(315,647)</b>
		Repayment by Gulf Finance Company		<b>196,430</b>
Key Management Personnel	Executives	Salaries and other short-term employee benefits		<b>2,696,413</b>
	Directors	Board Remuneration		<b>200,000</b>

**Balances as at the period-end**

		<b>Note</b>	<b>2022</b>
<b>Due from shareholder</b>			
Shuaa Capital PSC, UAE, (“ Parent Company”)	Loan to shareholder	<b>5.1</b>	<b>9,143,123</b>
	Provision for impairment		<b>(9,143,123)</b>
			<b>-</b>
<b>Due to related parties</b>			
Shuaa Capital PSC, UAE	Allocation of software and related cost		<b>376,722</b>
Gulf Finance Company PJSC, UAE	Allocation of software and related cost		<b>298,517</b>
			<b>675,239</b>

**5.1.** This represents an unsecured short-term intercompany loan without any asset-backed financing to the Parent Company under an agreement made on 7 February 2019. The loan bears interest of 9.5% per annum and was repayable in 90 days. However, upon the expiry of the term, it was rescheduled by the Company on the request of the Parent Company dated 5 August 2019 for another 180 days and was repayable on 4 November 2019. As at December 31, 2022 the loan has been overdue for more than 720 days. However, full provision for impairment has been recorded.

Furthermore, during the period ended 31 December 2022 a penalty amounting to SR 250,000 was imposed by SAMA with reference to related party loans and paid by the Company accordingly.

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**5. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**Balances as at the period-end**

**Net investment in Islamic financing**

The Company has entered into certain Islamic financing agreements with the related parties. These related parties are special purpose vehicles of Shuaa Capital KSA. Due from these related parties against outstanding Islamic financing are included within net investment in Islamic financing and are given below:

	<b>Beneficial Owner</b>	<b>Note</b>	<b>31 December 2022</b>
Second Coast Company for Commercial Hotels	Dammam Rayhaan Fund I*	5.2	7,886,667
Raibat Al Yasmin Company for Real Estate Investment and Development	Dammam Rayhaan Fund I*	5.2	9,500,000
Shuaa Cayan City Lights for Development & Real Estate Investment Company	Cayan Real Estate Development Fund*	5.2	5,330,783
Fifth Coast Company for Commercial Hotels	SHUAA Saudi Hospitality Fund I*	5.2	3,425,303
First Sabeel Hotels Company	Jeddah Centro Fund I*	5.2	3,425,303
Shuaa Assets Real Estate Development Company	SHUAA Saudi Hospitality Fund I*	5.2	3,425,303
Shuaa Properties Real Estate Development Company	SHUAA Saudi Hospitality Fund I*	5.2	3,425,303
Provision for impairment			(36,418,662)
			<u>-</u>

\* These Funds are managed by SHUAA Capital Saudi Arabia that is Ultimately owned by Shuaa Capital PSC – UAE. The disbursement of loans have been done directly to beneficiary accounts.

**GULF FINANCE COMPANY**  
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**5. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**5.2.** The following represents the terms and conditions of financing provided to related parties.

<b>Secured – Ijara</b>	<b>Note</b>	<b>Relationship</b>	<b>Effective Interest Rate</b>	<b>Tenure</b>	<b>No. of times Rescheduled</b>	<b>Amount Financed</b>
Second Coast Company for Commercial Hotels		Affiliates	10%	12 months	6	9,500,000
						<b>9,500,000</b>
<b>Unsecured – Murabaha</b>						
Raibat Al Yasmin Company for Real Estate Investment and Development		Affiliates	10%	12 months	2	9,500,000
Shuaa Cayan City Lights for Development & Real Estate Investment Company		Affiliates	10%	12 months	3	3,000,000
Shuaa Cayan City Lights for Development & Real Estate Investment Company		Affiliates	10%	12 months	3	1,855,944
Fifth Coast Company for Commercial Hotels	<b>5.3</b>	Affiliates	10%	24 months	-	3,425,303
First Sabeel Hotels Company	<b>5.3</b>	Affiliates	10%	24 months	-	3,425,303
SHUAA Assets Real Estate Development Company	<b>5.3</b>	Affiliates	10%	24 months	-	3,425,303
SHUAA Properties Real Estate Development Company	<b>5.3</b>	Affiliates	10%	24 months	-	3,425,303
						<b>28,057,156</b>
						<b>37,557,156</b>

**5.3** During the year, the Company has disbursed the amount of loans that was exceptionally approved by the Board of Directors and Credit committee considering the related party relationship of the customers. Post disbursement, the loan was reassessed with 100% provision.

**5.4** All related loans issued during the year and available as at 31 December 2022 were issued in contradiction with SAMA guidelines and accordingly SAMA has imposed penalties amounting to SR 250,000. Company is currently in coordination with the Shuaa group for recoveries of the outstanding exposure.

**6. NET INVESTMENT IN ISLAMIC FINANCINGS**

	<b>31 December 2022</b>
<b>Financial asset carried at amortized cost</b>	
Murabaha	<b>27,235,074</b>
<b>Investment classified as a finance lease</b>	
Ijara	<b>59,775,626</b>
	<b>87,010,700</b>

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**6. NET INVESTMENT IN ISLAMIC FINANCINGS (CONTINUED)**

The aging of net investment in Islamic financings contracts net-off unearned origination fee is as under:

	<b>31 December 2022</b>
Neither past nor due	46,461,129
Past due 1-30 days	11,857,208
Past due 31-90 days	16,186,313
Past due 91-180 days	8,436,276
Past due 181-365 days	44,855,650
Past due over 1 year	19,364,337
Net Investment in Islamic financing before provision	147,160,913
Less: Impairment for Islamic financing	(60,150,213)
Net of Impairment loss	87,010,700
Total portfolio coverage ratio	40.87%

**Collateral held as security and other credit enhancements**

The credit risks on gross amounts due in relation to the investment in Islamic financing is mitigated by holding collaterals which are kafala and real-estate. Further, the carrying amount of investment in Islamic Financing amounts against which collateral has been obtained amounts to SR 87.01 million (31 December 2021: 123.25 million) and the fair value of collateral amounting to SR 196.43 million as at 31 December 2021 (31 December 2021: 162.55 million). The Company is not permitted to sell or repledge the collateral in the absence of default by the lessee. There have not been any significant changes in the quality of the collateral.

**7. RESTRICTED CASH DEPOSITS**

The Company has placed these funds as margin deposits for certain financial facilities granted to the Company by counterparty finance providers. The Company also earns a profit on these balances.

	<b>31 December 2022</b>
Restricted cash deposit	2,267,000
	<u>2,267,000</u>

**8. OTHER PAYABLES AND ACCRUALS**

	<b>31 December 2022</b>
Sharia's imposed penalties payable	968,938
Accrued expenses	483,274
Payable to suppliers	744,621
Others	50,282
	<u>2,247,115</u>

**GULF FINANCE COMPANY**  
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**9. SHARE CAPITAL**

The Company's subscribed and paid-up share capital of SR. 100,000,000 is divided into 10,000,000 equity shares of SR. 10 each fully subscribed and paid, and distributed among shareholders as follows:

<b>Shareholders</b>	<b>31 December 2022</b>		
	<b>Holding %</b>	<b>No. of Shares</b>	<b>Amount</b>
Shuaa Capital PSC, UAE	92%	9,200,000	92,000,000
Gulf Finance Company PJSC, UAE	5%	500,000	5,000,000
Shuaa 1 for Commercial Brokerage LLC, UAE	1%	100,000	1,000,000
Shuaa 2 for Commercial Brokerage LLC, UAE	1%	100,000	1,000,000
Shuaa 3 for Commercial Brokerage LLC, UAE	1%	100,000	1,000,000
	<b>100%</b>	<b>10,000,000</b>	<b>100,000,000</b>

**10. PROVISION FOR ZAKAT**

The movement in the provision for zakat is as follows:

	<b>2022</b>
Balance at the beginning of the year	<b>209,164</b>
Provided during the year	<b>132,600</b>
Payment during the year	<b>(215,251)</b>
Balance at the end of the year	<b>126,513</b>

**STATUS OF ASSESSMENTS**

The Zakat returns for the years ended 31 December 2014 till 2017 had been filed and were under review by ZATCA. During the current year, upon finalization of the assessment, demand has been raised by ZATCA of SR 259,618 for the years 2014 till 2017. The first payment of SR 51,923 was made immediately upon receipt of the notice. The remaining amount is payable in equal installments of SR 41,539 from 2019 to 2023 with the first amount paid on 16 December 2019.

The Zakat return for the year ended 31 December 2021 has been filed and are under review with ZATCA. The Company has obtained a certificate from the ZATCA valid until 10 Shawwal 1444H corresponding to 30 April 2023.

**11. FINANCIAL FACILITIES**

	<b>31 December 2022</b>
SAMA funding for lending	<b>32,961,406</b>
Social Development Bank	<b>15,235,727</b>
Local banking institution	<b>17,002,500</b>
Finance cost payable	<b>217,557</b>
	<b>65,417,190</b>

**GULF FINANCE COMPANY**  
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**11.1 Secured financial facilities**

	<b>31 December 2022</b>
Murabaha	<b>17,002,500</b>

- 11.2** The Company obtained bank financial facilities from a local bank for the purpose of financing working capital needs. These bank facilities bear finance costs at market prevailing rates and also have restricted cash deposits. The Company has collateralized certain Islamic financing receivables in order to obtain these financial facilities.

**12. EMPLOYEE'S POST-EMPLOYMENT BENEFITS**

The Employee's post employment benefits liability are calculated as per Saudi Labour Law. The liability includes SAR 0.367 million related to Key management personnel.

**13. CONTINGENCIES AND COMMITMENTS:**

There were no contingencies and commitment for the company as at the reporting date.

**14. INCOME FROM ISLAMIC FINANCING, NET**

	<b>31 December 2022</b>
<b>Revenue from main operation</b>	
Income from Ijara	9,469,232
Income from Murabaha	2,733,002
	<b>12,202,234</b>

- 14.1** During the year the Company has recognized income from Islamic financing amounting to SR Nil (2021: SR 3,768,238) from the related parties (also refer note 5).

**15. FINANCE COST**

	<b>2022</b>
Finance cost on financial facilities related to:	
SAMA Funding for lending	542,681
Social Development Bank	7,008,522
Local banking institution	1,025,765
	<b>8,576,968</b>

**GULF FINANCE COMPANY**  
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**16. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Note</b>	<b>2022</b>
Salaries and allowances		4,710,931
IT expense		994,218
Professional and consultancy fees		1,595,953
Rent expense		328,058
Value added tax		630,916
Legal fees		333,896
Communication		12,087
Depreciation on right-of-use assets		32,914
Travelling expense		58,951
Depreciation on property and equipment		33,662
Printing and stationary		21,189
Amortization of intangible assets		19,904
Outsourced staff		330,090
Regulatory penalty	<b>16.1</b>	500,000
Other		198,664
		<b>9,801,433</b>

**16.1** During the year, following penalties were imposed on the company by SAMA

<b>Violation</b>	<b>The party referring the violation</b>	<b>Amount</b>
Violation of Saudi Central Bank instruction regarding due diligence in Anti-money laundering and terrorist financing	Anti-Money Laundering and Terrorist Financing Department	250,000
Violation of Saudi Central bank supervisory and oversight instruction.	General administration for the Central of Finance Companies	250,000

**17. OTHER INCOME**

	<b>2022</b>
Government grant on SAMA liquidity support	426,233
Profit on term deposits	251,569
Fee and commission	240,302
Origination fee	298,875
	<b>1,216,979</b>

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**(All amounts in Saudi Riyals unless otherwise stated)**

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**18. ISLAMIC FINANCING RECEIVABLES – SERVICING AND SECURITY AGENCY AGREEMENTS**

In accordance with the terms of servicing and security agency agreement, the Company has transferred certain Islamic financing receivables to the Parent Company. The Company does not retain the risk and reward associated with such receivables.

The Company continues to manage these derecognized Islamic financing receivables as a servicer and security agent in accordance with the agency agreements entered into with the Parent Company. The Company is continuing to manage these sold receivables for an agreed fee which is netted-off with the related cost of servicing these Islamic financing receivables sold to Parent Company.

The outstanding position of such off statement of net assets, Islamic financing receivables is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Islamic financing receivables transferred to the parent company	<u><b>21,971,090</b></u>	<u>21,971,090</u>

**19. IMPAIRMENT ON LIQUIDATION**

Below is the analysis of original carrying amount and recoverable amount of assets as at 31 December 2022:

<b>Class of Assets</b>	<b>Carrying value</b>	<b>Recoverable Amount</b>	<b>Total Impairment</b>
Cash and bank balances	4,234,700	4,234,700	-
Property and Equipment	101,220	-	101,220
Intangible Assets	145,064	-	145,064
Investment carried at FV OCI	892,850	-	892,850
Prepayments and other receivables	825,140	103,311	721,829
Net investment in Islamic financing	120,899,862	87,010,700	33,889,162
Restricted cash deposits	2,267,000	2,267,000	-
Employees' post-employment benefits	(841,730)	(584,816)	(256,914)
<b>Total Impairment</b>			<u><b>35,493,211</b></u>

**20. SUBSEQUENT EVENTS**

On January 05, 2023, in response to the Company's request for no objection certificate to liquidate, SAMA has stated that it does not see what prevents the commencement of liquidation procedures and holding of an extraordinary assembly to approve the same. Further, instructing to hold and resolve the voluntary liquidation via a General Meeting and apply for voluntary liquidation with SAMA.

**21. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved and authorized for issue on 09 March 2023 (corresponding to 17 Shabaan 1444H) by the Board of Directors of the Company.