

RIYADH CHAMBER OF COMMERCE AND INDUSTRY

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

RIYADH CHAMBER OF COMMERCE AND INDUSTRY
Financial Statements and
Independent Auditor's Report
For the year ended December 31, 2018

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report	3-4
Statement of Financial Position	7
Statement of Activities	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-23

INDEPENDENT AUDITOR'S REPORT

To Members of the General Assembly – Riyadh Chamber of Commerce and Industry

Opinion

We have audited the financial statements of Riyadh Chamber of Commerce and Industry (RCCI), which comprise the Statement of Financial Position as at 31 December 2018, Statement of Activities, Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the RCCI as at 31 December 2018, its financial performance and its cash flows for the year then ended in view of the presentation and reporting of the data contained in the financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SME's), and the Accounting Standards for Non-profit Organizations applicable in the Kingdom of Saudi Arabia.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) applicable 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 Statement section of our report. We are independent of the RCCI in accordance with the professional code of conduct and ethics applicable in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on auditing.

Responsibilities of Management and those in Charge of Governance of Financial Statements

The RCCI Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs, Accounting Standards for Non-profit Organizations and for such internal control as the Management determines is necessary to enable it for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the RCCI Management is responsible for assessing the RCCI'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 the Management either intends to liquidate the RCCI or to cease operations, or has no realistic alternative but to do so.

Those in charge of governance are responsible for overseeing the RCCI's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether or not the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion.

The reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing applicable 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 taken together, they would reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with International Standards on Auditing applicable in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the RCCI’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the RCCI’s Management.
- Conclude on the appropriateness of the RCCI 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 RCCI’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 auditors’ report. However, future events or conditions may cause the RCCI 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 communicated with those in charge of 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 identified during our audit.
- We have also provided those in charge of governance with a statement that we have complied with the relevant ethical requirements of independence, informed them of all other connections and issues, which may reasonably be believed to affect our independence, and provided them with the relevant compliance controls, if required.

**Consolidated Auditors
Dr. Abdulqader Banaqa & Partners Co.**

Mohammad bin Farhan bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia

Riyadh Chamber of Commerce and Industry
Statement of Financial Position
For the year ended 31 December 2018
In Saudi Riyals

(Revised – Note 21)

Description	Note	31 December 2018	31 December 2017
Assets			
Current assets			
Cash and cash equivalents	5	248.233.561	495.556.192
Investment murabaha deposits		150.000.000	---
Investments at fair value through profit or loss	8	130.128.424	56.689.742
Accounts receivable, net	6	7.605.519	737.704
Prepaid expenses and other receivables, net	7	129.864.037	94.459.370
Total current assets		665.831.541	647.443.008
Non-current assets			
Real estate investments	9	50.354.500	50.354.500
Investments in real estate contributions	10	5.826.093	5.348.846
Long-term employee loans, net	11	17.108.843	21.874.170
Projects under construction	13	90.403.917	59.315.521
Property and equipment, net	12	222.328.893	234.666.759
Total non-current assets		386.022.246	371.559.796
Total assets		1.051.853.787	1.019.002.804
Liabilities and net assets			
Current liabilities			
Revenues received in advance	14	215.840.702	210.562.542
Accrued expenses and other credit balances	15	34.063.771	35.742.670
Total current liabilities		249.904.473	246.305.212
Non-current liabilities			
Employee benefit obligations	16	74.458.948	76.640.268
Total liabilities		324.363.421	322.945.480
Net assets			
Unrestricted assets		722.059.589	690.606.798
Restricted assets	17	5.430.777	5.450.526
Total net assets		727.490.366	696.057.324
Total liabilities and net assets		1.051.853.787	1.019.002.804

The accompanying notes (1-25) are an integral part of the financial statements

Riyadh Chamber of Commerce and Industry
Statement of Activities
For the year ended 31 December 2018
In Saudi Riyals

Description	Note	2018	(Revised – Note 21) 2017
Income and gains			
Income from activities	١٨	٢٦٥,١٧٨,٥٤٥	٢٥١,٧٨٢,٠٩٣
Income from leasing of real estate investments		٤,٤٠٨,٠٨٢	٤,٤٠٨,٠٨٢
Income from investment murabaha deposits		٩,١٩٧,٦٣٩	٨,٦٠١,٧٤٥
Income from investments in real estate contributions		٢,٧٠٠,٠٠٠	---
Dividends on investments at fair value through profit or loss		٢,٩٨٩,٠١٣	---
Returns realized on sale of investments at fair value through profit or loss		---	٢٣٠,٤٤٩
Unrealized returns on investments at fair value through profit or loss	٨	٧٦٤,٩٤٢	٩٥,٨١٠
Reimbursement of provision of anticipated credit losses		٦,١٦٣,٢٣٦	٢,٨٢٣,٦٤٥
Other income		٦,٠١٣,٨٣٧	٣,٩٤٤,٦١٩
Total income and gains		٢٩٧,٤١٥,٢٩٤	٢٧١,٨٨٦,٤٤٣
Expenses			
Operating expenses	١٩	٢٣٧,٣٨٠,١٢٥	٢٣٧,١٤٥,٦٦٣
Gold check expenses		٢١,٤٩١,٢٩٨	٦,١٧٤,١٨١
Expenses of early retirement program		٣,٧٥٩,٥٤٤	٢٩,٣٦٧,٦٤٤
Losses realized on sale of investments at fair value through profit or loss		٣,٣٣١,٥٣٦	---
Total expenses		٢٦٥,١٧٨,٥٤٥	٢٧٢,٦٨٧,٤٨٨
Change in net assets		٣١,٤٥٢,٧٩١	٨٠١,٠٤٥

The accompanying notes (1-25) are an integral part of the financial statements
Riyadh Chamber of Commerce and Industry
Statement of Cash Flows
For the year ended 31 December 2018
In Saudi Riyals

Revised – Note 21

Description	31 December 2018	31 December 2017
Cash flows from operating activities		
Change in net assets	٣١,٤٥٢,٧٩١	٨٠١,٠٤٥
Adjustments to reconcile change in net assets to net cash available from operating activities		
Depreciation	٢١,٧٨٣,٢٦٤	٢٠,٣٩٣,٠٠٤
Losses/returns realized on investments at fair value through profit or loss	٣,٣٣١,٥٣٦	٢٣٠,٤٤٩
Unrealized returns on investments at fair value through profit or loss	٧٦٤,٩٤٢	٩٥,٨١٠
Gains on disposal of property and equipment	١٧٠,٨٩٩	١٦١,١٣٦
Component of employee benefit obligations	١٠,١٠١,٩٥١	١٥,٣٣٠,٠٧٦
Components of legal case provisions	٢,٦٠٦,١٣٦	١,٦٥٦,٩٦٤
Provision for impairment of other receivables	٧٤٠,٥٠٠	---
Provision for Riyadh Economic Forum payments	٥,١٣٩,٨١٠	٨٠٤,٢٤١
Reversal of provision for anticipated credit losses - employee loans	---	٣٦,١٥٧
Reversal of provision for anticipated credit losses - receivables	٦,١٦٣,٢٣٦	٢,٨٢٣,٦٤٥
	٦٨,٠٥٩,٩١١	٣٤,٠٣٦,٠٤٣
Changes in operating assets and liabilities		
Accounts receivable	٧٠٤,٥٧٩	١٥,٨٦١,٣٤٥
Prepaid expenses and other receivables	٤١,٢٨٤,٩٧٧	٩٨١,٥٤١
Long-term employee loans	٤,٧٦٥,٣٢٧	٤,٧٦٦,٥٤٥
Revenues received in advance	٥,٢٧٨,١٦٠	١٩,٤٩٩,١٥٦
Accrued expenses and other credit balances	٤,٢٨٥,٠٣٥	٢٠,٦١٤,٥٥٧
Paid amounts of end-of-service benefits	١٢,٢٨٣,٢٧١	٢٤,٢٩٧,٢٢٥
Net change in restricted assets	١٩,٧٤٩	١١,٧٩٥,٧٩٨
Net cash available from operating activities	١٩,٥٢٢,٧٨٧	٤٠,٠٦٥,٥٦٤
Cash flows from investment activities		
Proceeds from sale of investments at fair value through profit or loss	١٣,٩٩٤,٧٢٤	١٢,٢٥٤,٤٤٩
Investment additions at fair value through profit or loss	٩٠,٠٠٠,٠٠٠	٥١,٦١٧,٩٣٢
Investment murabaha deposits	١٥٠,٠٠٠,٠٠٠	---
Additions to investments in real estate contributions	٤٧٧,٢٤٧	٧٤٩,٦٣٠
Additions to projects under construction	٣٩,٥٩٧,٢٤٦	٢٤,٠٩٠,٥٠٨
Purchase of property and equipment	٩٥٩,١٥٠	٢,٢١٢,٢٢٢
Proceeds from sale of investments at fair value through profit or loss	١٩٣,٥٠١	١,٣٤٧,٢١٧
Net cash used in investment activities	٢٦٦,٨٤٥,٤١٨	٦٥,٠٦٨,٦٢٦
Change in cash and cash equivalents	٢٤٧,٣٢٢,٦٣١	٢٥,٠٠٣,٠٦٢
Cash and cash equivalents - beginning of the year	٤٩٥,٥٥٦,١٩٢	٥٢٠,٥٥٩,٢٥٤
Cash and cash equivalents - end of the year	٢٤٨,٢٣٣,٥٦١	٤٩٥,٥٥٦,١٩٢
Non-cash transactions		
Transferred items from projects under construction to property and equipment	٨,٥٠٨,٨٥٠	١٩,٣٤٠,٤٨٢
Write-off receivables	١٠٠,٠٠٠	٤٣٣,٦٥٩

The accompanying notes (1-25) are an integral part of the financial statements

Riyadh Chamber of Commerce and Industry

Notes to Financial Statements

For the year ended 31 December 2018

In Saudi Riyals

1. Organization and Activities

Riyadh Chamber of Commerce and Industry (RCCI) is a non-profit public organization established in 1381H by the Council of Ministers Resolution No. 239 dated 10 Rabie II, 1381H, and pursuant to the Royal Decree No. M/6 dated 30 Rabie II, 1400H endorsing the Council of Ministers' Resolution No. 64 dated 22 Rabie II, 1400H issued for the approval of the Articles of Association of Chambers of Commerce and Industry.

Based on Article (5) of the law of Chambers of Commerce, the RCCI functions include collecting and disseminating all information and statistics related to trade and industry, preparing studies and researches related to trade and industry, providing commercial and industrial data and information to government agencies, providing suggestions on the protection of national trade and industry from foreign competition, guiding tradesmen and industrialists to the major countries from which or to which they may import or export their goods as well as guiding them to the means of developing trade and industry, notifying tradesmen and industrialists of those regulations, decisions and instructions affecting commercial and industrial issues, identifying and discussing issues encountered by tradesmen and industrialists in preparation for submission to competent authorities, resolving commercial and industrial disputes through arbitration if parties to the dispute agree to refer such a dispute to an arbitration panel, enlightening tradesmen and industrialists on new investments in commercial and industrial fields through coordination with competent authorities, and encouraging tradesmen and industrialists to benefit from local and foreign expert houses and encouraging investment in joint ventures to contribute to development.

These financial statements include assets, liabilities, operational outcomes of the RCCI and its affiliates. They are as follows:

- Riyadh International Convention and Exhibition Center, which is an affiliate to the RCCI, was established in accordance with a letter issued by Ministry of Commerce and Industry No. 486/232 dated 20 Jumada I, 1429H with the aim of establishing Riyadh International Convention and Exhibition Center to be a venue for organizing local and international trade fairs, conferences and various economic events.
- The National Product Center, another affiliate to the RCCI, was established in accordance with a letter issued by Ministry of Commerce and Industry No. 221/2092 dated 20 Thul Qida 1409H with the aim of introducing products of the national factories, contributing to the development of sales and exports of national factories, and creating a venue to gather the outlets for marketing the national factories.

All significant balances and transactions crossed between the RCCI and its affiliates have been eliminated when these financial statements have been prepared.

Main objectives and achievements of the RCCI board during the year:

Objectives:

- Make the RCCI the most trusted Chamber of Commerce in Saudi Arabia by 2020.
- Strengthen Riyadh's businesses community by providing high quality services and advocacy that they need to succeed.

- Strengthen the private sector role economically and socially.
- Attract more businesses to Riyadh region.
- Make Riyadh region an attractive environment for business.

Achievements:

- Roundtable program, which resulted in fifteen initiatives.
- Forty-seven agreements and memorandums of understanding were signed with government and non-government agencies.
- Study of the impact of applying the financial balance program on private sector business to support the decision of extending the program to eight years instead of five years.
- Signing an agreement with the Ministry of Labor and Social Development through which the RCCI was granted a building for its Training and Employment Center.

2. Accounting Standards Applied

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SME's) and the Accounting Standards for Non-Profit Institutions applicable in the Kingdom of Saudi Arabia.

3. Application of the IFRS for SMEs

These financial statements are the first financial statements prepared in accordance with the IFRS for SMEs. The financial statements for the past years have been prepared in accordance with the then generally accepted accounting standards applicable in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants as well as the Accounting Standards for Non-Profit Institutions. Accordingly, the RCCI Management has prepared the financial statements in accordance with the IFRS to comply with such standards as at 31 December 2018 with the statement of financial position as at 31 December 2017 in accordance with the shifting procedures provided in the IFRS (Note 21).

4. Significant Accounting Policies

Following is a summary of the significant accounting policies:

Accounting Custom

The accompanying financial statements have been prepared on the historical cost basis in accordance with the accrual basis of accounting except for what is referred to in the accounting policies below.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and at banks and high liquidity murabaha deposits that can be liquidated within three months or less.

Accounts Receivable

Accounts receivable are stated at the original amounts of invoices less the provision for anticipated credit losses. The anticipated credit losses provision is recognized when there is objective evidence that not all due amounts could be collected under the original terms of the receivables. These provisions are listed in the statement of activities and are shown under "expenses" when receivables are uncollectible, and are written off against the provision for doubtful debts. Any amounts recovered subsequently are charged to receivables that have been written off as other income.

Financial Instruments

Receivables and other receivables are recognized at a transaction price. All transactions are made on the basis of normal credit terms. At the end of each reporting period, the carrying amounts of trade receivables and other receivables are reviewed to determine whether there is objective evidence that the amounts are not recoverable. Impairment losses are recognized directly in the statement of activities.

Financial liabilities are initially recognized at the transaction price (including transaction costs). Trade payables are obligations based on normal credit terms. Interest liabilities are subsequently measured at amortized cost using the effective interest method. Investments in quoted equity securities are recognized initially at a transaction price and are subsequently measured at fair value, with changes in fair value recognized in the statement of activities.

Investments in unquoted equity securities are measured at cost less impairment, as their fair value can't be reliably measured. If there is an indication of a possible impairment, the carrying amount is reduced to the best estimate by the RCCI Management for the amount that the RCCI will receive for an asset whether or not it will be sold at the reporting date.

Real Estate Investments

Real estate investments represent investment in property held either to earn rental income or capital appreciation in value or both, and not for the purpose of administrative use of the RCCI or its affiliates. Real estate investments are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenses directly attributable to the acquisition of property. At the end of the reporting period, real estate investments are measured at fair value for the purpose of disclosures with the notes to the financial statements.

Investments in Real Estate Contributions

Investments in real estate contributions are stated at cost and included in non-current assets. Provision is saved for any impairment in value, if any.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Repair and maintenance expenses are recognized as an expense while improvement expenses are considered capital expenses. Depreciation is calculated on the basis of estimated useful life using the straight line method using the following depreciation ratios:

Description	Percentage %
Buildings	5%
Elevators, machinery and equipment	5%
Computer hardware and software	20%
Furniture, fixtures and office equipment	20%
Cars	25%
Central air conditioning	5%

Major renovations and improvements are capitalized if they increase productivity or operational life of assets. Direct costs are also capitalized. Non-core repairs and improvements are charged as expenses when they occur. The gain or loss on disposal of property or equipment, which represents the difference between the proceeds from sale and the net book value of these assets, is recognized in the statement of activities.

Impairment of Assets

The RCCI periodically reviews the carrying value of the tangible and intangible assets to ensure that there is no evidence of any impairment loss. If such evidence exists, the recoverable amount of that asset is estimated to determine the extent of the loss (if any). In cases where the

recoverable amount of that asset can't be estimated, the RCCI estimates the recoverable amount of the cash-generating unit to which that asset belongs.

Where the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of activities.

If an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to its adjusted recoverable amount, provided that the carrying amount does not exceed the carrying amount that would have been determined if impairment loss on the asset or cash-generating unit had not been recognized in prior years. Reversal of impairment loss is recognized as income immediately in the statement of activities.

Income Received in Advance

Subscription fees and rentals collected and not for the financial year are recognized as income received in advance provided they are recognized as income in the statement of activities in subsequent periods.

Zakat

Zakat is not calculated according to the fatwa issued by His Eminence Sheikh Abdulaziz bin Baz - may God have mercy on him - the then General Head of the Departments of Scientific Research, Ifta, Da'wah and Guidance No. 2311/2 dated 5/9/1409H.

Accrued Expenses and other Payables

The amount of liabilities to be paid for goods and services received is recognized whether or not the RCCI is invoiced.

Provisions

Provisions are recognized when there is a legal or contractual obligation to the RCCI arising from a past event and the RCCI is likely to settle the obligation with the possibility of making a reliable estimate of that obligation.

Employee Benefits

The provision for employees' end-of-service award is calculated using the planned credit unit method with an actuarial valuation with any credit or liability recorded in the statement of activities for the period in which they occur. Provisions for annual leave and travel air tickets are included in current liabilities while the provision for end-of-service award is included in non-current liabilities.

Retirement Entitlement

Contributions to the employees' defined retirement contribution plan are shown as an expense in the statement of activities when incurred in accordance with the Saudi Insurance program rules.

Revenues

Income from subscription and attestation fees is recognized when collected according to the nature of such fees. Other income of the RCCI is recognized on an accrual basis. Rental income is recognized when due in accordance with lease terms. Returns on financial investments are recognized when the RCCI has the right to collect them while other income is recognized when earned.

Rental Income of Real Estate Investment

Rental income from real estate investment is recognized on a straight-line basis over the term of the contract. Lease incentives granted are recognized as an integral part of the total rental income over the term of the contract.

Foreign Currency Conversion

Transactions of foreign currencies are converted into Saudi Riyal at the prevailing conversion rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position are converted into Saudi Riyal at the rates prevailing at that date. Gains and losses on repayments or foreign currency conversions are included in the statement of activities.

Operating Expenses

Due to the nature of the RCCI activities, all expenses are classified as operating expenses.

Restricted and Unrestricted Assets

Restricted assets are part of the RCCI assets and are subject to restrictions. These restrictions may be related to the use of the assets for specific purposes (usage restrictions), the timing of such use (time restrictions) or restrictions related to both use and time. Restricted assets may be current assets, investments, financial assets, fixed assets or intangible assets.

Unrestricted assets are part of the RCCI assets and are not subject to restrictions and are under the full control of the RCCI's Management. Unrestricted assets may be current assets, investments, financial assets, fixed assets or intangible assets.

5 - Cash and Cash Equivalents

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Investment murabaha deposits (3 months or less)	150.000.000	420.000.000
Cash at banks	97.996.956	75.202.766
Cash on hand	236.605	353.426
	248.233.561	495.556.192

6. Accounts Receivable, net

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Accounts receivable	٩,٦٠٠,٦٦٢	٨,٩٩٦,٠٨٣
Provision for anticipated credit losses	١,٩٩٥,١٤٣	٨,٢٥٨,٣٧٩
	٧,٦٠٥,٥١٩	٧٣٧,٧٠٤
Movement of provision for anticipated credit losses		
	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Balance as at 1 January	٨,٢٥٨,٣٧٩	١١,٥١٥,٦٨٣
Reimbursement from the provision during the year	٦,١٦٣,٢٣٦	٢,٨٢٣,٦٤٥
Write-off receivables during the year	١٠٠,٠٠٠	٤٣٣,٦٥٩

Balance as at 31 December

١,٩٩٥,١٤٣

٨,٢٠٨,٣٧٩

Accounts receivable comprise those amounts resulting from the returns of events and rents of exhibitions relating to activities of the RCCI affiliates.

7. Prepaid Expenses and other Receivables, Net

	2018	Revised 2017
	Saudi Riyal	Saudi Riyal
Payments of Riyadh Economic Forum	١١,٣٦٩,٥٧٧	٦,٢٢٩,٧٦٧
Provision for payments of Riyadh Economic Forum	١١,٣٦٩,٥٧٧	٦,٢٢٩,٧٦٧
Debtors of Thiqah Business Services	٤٦,٥٠٥,٢٦٢	١٦,٩٣٠,٥٩٦
Collection charges prepaid to Thiqah Business Services	٢٩,٠٦٥,٢٨٤	٢٩,٤٧٤,٣٤٩
Prepaid contributions to the Council of Saudi Chambers	١٩,٣٤٩,٦٧٠	١٩,٦٤٩,٥٨٩
Payments to contractors	١٥,٢٦٥,٥٦٧	١٥,١٢٥,٠٠٠
Accrued revenues	٩,١٤٩,٢٤٥	٥,٣٣١,٤٥٩
Accounts payable on RCCI employees	٥,٤٢٩,٤٤٤	٤,٧٨٥,٢٦٥
Other	٥,٨٤٠,٠٦٥	٣,١٦٣,١١٢
	١٣٠,٦٠٤,٥٣٧	٩٤,٤٥٩,٣٧٠
(Deducted)		
Provision for impairment of other receivables	٧٤٠,٥٠٠	
	١٢٩,٨٦٤,٠٣٧	٩٤,٤٥٩,٣٧٠

* On 7 June 2014, the RCCI signed a service agreement with both Thiqah Business Services and the Council of Saudi Chambers, under which Thiqah Business Services collects members' subscriptions on behalf of the RCCI in exchange for an agreed percentage of these contributions for both Thiqah Business Service and the Council of Saudi Chambers.

8. Investments at Fair Value through Profit or Loss

Investments at fair value through profit or loss are investments in real estate fund units. Part of one of these investments has been sold during the year which resulted in realized losses of RS 3,331,536. The following is a summary of the movement of these investments:

	2018	Revised 2017
	Saudi Riyal	Saudi Riyal
Balance at beginning of the year	٥٦,٦٨٩,٧٤٢	١٧,٠٠٠,٠٠٠
Additions during the year	٩٠,٠٠٠,٠٠٠	٥١,٦١٧,٩٣٢
Disposals during the year	١٧,٣٢٦,٢٦٠	١٢,٠٢٤,٠٠٠
Unrealized gains from revaluation of investments	٧٦٤,٩٤٢	٩٥,٨١٠
	١٣٠,١٢٨,٤٢٤	٥٦,٦٨٩,٧٤٢

Investments at fair value through profit or loss as at 31 December 2018 are as follows:

Description	Number of units (SR)	Unit cost (SR)	Total Cost (SR)	Fair values of investments (SR)	Profits/losses Investment valuation (SR)
Makkah Real Estate Development Fund	٣,٩٣٦,٣٤٨,٢٨	١٠	٣٩,٣٦٣,٤٨٢	٣٩,٢٩١,٠٥٤	٧٢,٤٢٨
Inma Liquidity Fund	٤,٥٨٩,٧٠١,٣٥	١٠,٨٩	٥٠,٠٠٠,٠٠٠	٥٠,٧٥٧,٧٦٩	٧٥٧,٧٦٩
Al Rajhi Commodity Trading Fund	١٢٩,٩١٨,٠٥	١٥٣,٩٤	٢٠,٠٠٠,٠٠٠	٢٠,٠٧٩,٦٠١	٧٩,٦٠١
Investments in land instruments	٢٠	١,٠٠٠,٠٠٠	٢٠,٠٠٠,٠٠٠	٢٠,٠٠٠,٠٠٠	---
			١٢٩,٣٦٣,٤٨٢	١٣٠,١٢٨,٤٢٤	٧٦٤,٩٤٢

9. Real estate investments

The movement of real estate investments is summed up as follows:

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Balance as at 1 January	٥٠,٣٥٤,٥٠٠	٥٠,٣٥٤,٥٠٠
Balance as at 31 December	٥٠,٣٥٤,٥٠٠	٥٠,٣٥٤,٥٠٠

In 2016, the RCCI transferred a plot of land in Al Ghadeer neighborhood in north Riyadh from Property and Equipment to Real Estate Investment for launching an investment project.

The fair value of the real estate investments has been determined by an appraiser (Mumtalakat Real Estate Valuation Company), license number (323-18-808), member of the Saudi Commission for Accredited Appraisers as at 31 December 2018 where the value of Real estate investments in accordance with their valuation amounts to SR 143,870,000.

10. Investments in Real Estate Contributions

Movement of investment in real estate contributions:

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Balance as at 1 January	٥,٣٤٨,٨٤٦	٤,٥٩٩,٢١٦
Additions during the year	٤٧٧,٢٤٧	٧٤٩,٦٣٠
Balance as at 31 December	٥,٨٢٦,٠٩٣	٥,٣٤٨,٨٤٦

Investments in real estate contributions are registered in the name of the entity managing them, with separate contracts for the RCCI shares in these contributions.

11. Long-term Employee Loans, Net

These loans are non-commissionable housing loans provided to RCCI eligible employees so that the loan amount does not exceed the employee's end-of-service award.

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Long-term employee loans	١٧,٤٤٥,٥١٧	٢٢,٢١٠,٨٤٤
Provision for anticipated credit losses	٣٣٦,٦٧٤	٣٣٦,٦٧٤
	١٧,١٠٨,٨٤٣	٢١,٨٧٤,١٧٠

Riyadh Chamber of Commerce and Industry
Notes to Financial Statements (Continued)
For the year ended 31 December 2018
In Saudi Riyals

12. Property and equipment, net

Cost	Lands	Buildings	Elevators, machinery & equipment	Computers	Furniture, fittings & office equipment	Cars	Central Air Conditioning	Total
1 January 2018 (Revised - Note 21)	٣٩,٤٥١,٢٢١	٣٣٧,٩١٤,٤٢٢	٨,٢٠٠,٩٢٨	٤٧,٨٠٨,٢٩٣	٧١,٤١٤,٥٢٢	١,٧٠٦,١٣١	٢٠,١١٠,١٨٨	٥٢٦,٦٥٥,٧٠٠
Additions	---	---	٧٩,٠٠٠	٤٣٢,٥٨٠	٤٤٧,٥٧٠	---	---	٩٥٩,١٥٠
Transfers from projects under construction	---	٧,٠٥٢,٣٨٩	٣٧٩,٠٠٠	١,٠٧٧,٤٦١	---	---	---	٨,٥٠٨,٨٥٠
Disposals	---	---	---	---	---	٥٠٣,٠٠٢	---	٥٠٣,٠٠٢
31 December 2018	٣٩,٤٥١,٢٢١	٣٤٤,٩٦٦,٨١١	٨,٦٥٨,٩٢٨	٤٩,٣٦٨,٣٣٤	٧١,٨٦٢,٠٩٢	١,٢٠٣,١٢٩	٢٠,١١٠,١٨٨	٥٣٥,٦٢٠,٧٠٣
Cumulative depreciation								
1 January 2018 (Revised - Note 21)	---	١٧٠,٥٣٦,٤٦٣	٧,٢٣٥,٦٥١	٣١,٥٧٥,٤٦٧	٦٣,٢٢٤,٣٥٨	١,٥٣٥,٤٢١	١٧,٨٨١,٥٨٦	٢٩١,٩٨٨,٩٤٦
Charge for the year	---	١٣,٦٧٤,١٢٤	٣٧٥,٣٠١	٥,١٥٩,٨٩٤	٢,٢١٥,٨٦٣	٩٦,١٤٩	٢٦١,٩٣٣	٢١,٧٨٣,٢٦٤
Disposals	---	---	---	---	---	٤٨٠,٤٠٠	---	٤٨٠,٤٠٠
31 December 2018	---	١٨٤,٢١٠,٥٨٧	٧,٦١٠,٩٥٢	٣٦,٧٣٥,٣٦١	٦٥,٤٤٠,٢٢١	١,١٥١,١٧٠	١٨,١٤٣,٥١٩	٣١٣,٢٩١,٨١٠
Net book value								
31 December 2018	٣٩,٤٥١,٢٢١	١٦٠,٧٥٦,٢٢٤	١,٠٤٧,٩٧٦	١٢,٦٣٢,٩٧٣	٦,٤٢١,٨٧١	٥١,٩٥٩	١,٩٦٦,٦٦٩	٢٢٢,٣٢٨,٨٩٣
31 December 2017 (Revised - Note 21)	٣٩,٤٥١,٢٢١	١٦٧,٣٧٧,٩٥٩	٩٦٥,٢٧٧	١٦,٢٨٢,٨٢٦	٨,١٩٠,١٦٤	١٧٠,٧١٠	٢,٢٢٨,٦٠٢	٢٣٤,٦٦٦,٧٥٩

13. Projects under Construction

Projects under construction as at 31 December:

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Radisson Blu Riyadh Convention Hotel Project *	٧٣,٦٢٠,٠٣٢	٣٩,٠٦٩,٩٣٩
Four uniform branches project **	٥,٨٠٣,٠٤٥	١٠,٤٧٤,٤٣٦
Work environment improvement project	٤,٧٩٤,٦٨٢	٣,٤٦٦,٨١٠
Northern extension project	١,٦٢٤,٣٨٥	١,٤٢٤,٩٧٥
Security & safety systems project	١,٦١٨,٤٠٢	١,١٥٤,٥١٩
Hall development & conference center project	١,٥٠٤,٧٩٨	٢,٠٤٦,٣٥٢
Other projects	١,٤٣٨,٥٧٣	١,٦٧٨,٤٩٠
	٩٠,٤٠٣,٩١٧	٥٩,٣١٥,٥٢١

* Radisson Blu Riyadh Convention Hotel Project is being built on a plot of land owned by the RCCI.

** The Four Uniform Branches Project will be carried out on a plot of land that is being finalized to be granted to RCCI.

Movement of projects under construction during the year:

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Balance at beginning of the year	٥٩,٣١٥,٥٢١	٥٤,٥٦٥,٤٩٥
Additions during the year	٣٩,٥٩٧,٢٤٦	٢٤,٠٩٠,٥٠٨
Transferred items to properties and equipment	٨,٥٠٨,٨٥٠	١٩,٣٤٠,٤٨٢
Balance at end of the year	٩٠,٤٠٣,٩١٧	٥٩,٣١٥,٥٢١

14. Revenues Received in Advance

	2018	Revised 2017
	Saudi Riyal	Saudi Riyal
Revenues from subscriptions	١٩٣,٨١٠,٠٠٤	١٩٦,٥٠٥,٨٨٣
Revenues of Balance charge	١٣,٧٧٩,٢٦٦	٨,١٣٣,٤١٢
Rental and events income	٧,٣٤٩,٨٦٧	٤,٢٣١,٢١٣
Other	٩٠١,٥٦٥	١,٦٩٢,٠٣٤
	٢١٥,٨٤٠,٧٠٢	٢١٠,٥٦٢,٥٤٢

The revenues received in advance represent subscription fees collected by Thiqaq Business Services and the Council of Saudi Chambers on behalf of the RCCI in exchange for an agreed percentage of such subscriptions under a service agreement. They also represent lease contracts of the RCCI Riyadh International Convention and Exhibition Center contracts, which were calculated at the time of signing the contract. These revenues will be realized subsequently.

15. Accrued Expenses and Other Credit Balances

	2018	Revised 2017
	Saudi Riyal	Saudi Riyal
Benefits due to employees	٩,٥٧٢,٥٥٧	١٥,٩٥٢,٤٢٢
Funds-in-trust	٩,٥٤٦,١٨٣	٨,٩٠٨,٤٣٧
Accrued expenses	٥,٧٥١,٦٣٤	٥,٢٢٢,٣٨٧
Provision for legal cases*	٤,٢٦٣,١٠٠	١,٦٥٦,٩٦٤
Business insurance	٣,٠٣٦,٤٢٣	١,١٧٢,٦٥٧
Deferred income	---	٦٢٣,٨٤٢
Other	١,٨٩٣,٨٧٤	٢,٢٠٥,٩٦١
	٣٤,٠٦٣,٧٧١	٣٥,٧٤٢,٦٧٠

* The amount represents the provision for legal cases filed against the RCCI based on the opinion of the RCCI legal department. The following is the provision movement of legal cases during the year.

	2018	Revised 2017
	Saudi Riyal	Saudi Riyal
Balance as at 1 January	١,٦٥٦,٩٦٤	---
Component during the year	٢,٦٠٦,١٣٦	١,٦٥٦,٩٦٤
Balance as at 31 December	٤,٢٦٣,١٠٠	١,٦٥٦,٩٦٤

16. Employee Benefit Obligations

The RCCI determines the present value of the end-of-service award by performing an actuarial valuation by the estimated additional unit method taking into account the following set of assumptions:

	2018	2017
	Saudi Riyal	Saudi Riyal
Deduction rate	4.55%	3.75%
Benefit increase rate	4.55%	3.75%

Movement of the defined benefit plan as at 31 December:

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Balance at beginning of the year	٧٦,٦٤٠,٢٦٨	٨٥,٦٠٧,٤١٧
Listed items in the activity list		
Current service cost	٦,٣٥١,٦٩٧	٨,٣٣٤,٥٢١
Interest cost	٢,٧٥٧,٢٧٠	٣,١٤٤,١٢٦
Re-assessing the defined employee benefit plan	٩٩٢,٩٨٤	٣,٨٥١,٤٢٩
Paid amounts during the year	١٢,٢٨٣,٢٧١	٢٤,٢٩٧,٢٢٥
Balance at end of the year	٧٤,٤٥٨,٩٤٨	٧٦,٦٤٠,٢٦٨

17. Restricted Assets

The restricted assets are proceeds of voluntary contributions and payments for programs, sponsorships and funds-in-trust of others pending necessary actions.

18. Revenues

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Income from contributions	١٣٤,٦٥٣,٨٥٤	١٣٤,٠٢٧,٩٩١
Rental income of showrooms	٦١,٨٦٢,١٣٥	٤٢,٩١٩,٧٤٢
Income from document attestation	٣١,٠٠٣,١٧٥	٤٨,٦٥٠,٣٠٠
Income from e-transactions	٢٣,٩١٤,٨٩٥	١٢,٤٤٩,٧٠٠
Rental income from leasing Riyadh International Convention and Exhibition Center halls	١٣,٠٦٦,١١٧	٩,٠٤٤,٧١٣
Other	٦٧٨,٣٦٩	٤,٦٨٩,٦٤٧
	٢٦٥,١٧٨,٥٤٥	٢٥١,٧٨٢,٠٩٣

19. Operating expenses

	2018 Saudi Riyal	Revised 2017 Saudi Riyal
Employee salaries and benefits	١٠٥,١٠٧,١١٢	١١٥,٩٨٨,٦٤٢
Depreciation (Note 12)	٢١,٧٨٣,٢٦٤	٢٠,٣٧١,٥٨٤
Collection charges for Thiqah Business Services	١٩,٤٥٤,٤٢٥	١٩,٠٦٠,٤٧٨
Maintenance, cleaning and guarding	١٥,٠٦٩,٠٩٤	١٣,٥٨٧,٤٢٤
Medical insurance and treatment	١٤,٤١٩,٢٨٦	١١,٠٩١,٨٣٨
Contributions to the Council of Saudi Chambers	١٣,٢٣١,٢٩٨	١٢,٨٨٨,٠٥٥
Employee benefit obligations	١٠,١٠١,٩٥١	١٥,٣٣٠,٠٧٦
Training, studies and consultancy services	٨,٧٢١,٢٧١	٨,٣٠٤,٦١٧
Water, electricity, telephone and post	٨,٢٢٨,٢٤٥	٧,٦٩٠,٩٤٣
Provision for Riyadh Economic Forum payments	٥,١٣٩,٨١٠	٨٠٤,٢٤١
Media expenses and publications	٣,٢٨٧,٨٤٠	٢,١٨٧,٣٠٠
Social contributions and forum support	٢,٧٣١,٨٥٠	٦٧٢,٢٤٦
Provision for legal cases (Note 15)	٢,٦٠٦,١٣٦	١,٦٥٦,٩٦٤
Receptions and hospitality	١,٦٤١,٩٩٠	٢,٧٤١,١٩٦
Rents	١,٢٤٨,٩٨٢	٢,٨٥٦,٨١٩
Provision for impairment of other receivables	٧٤٠,٥٠٠	---
Other	٣,٨٦٧,٠٧١	١,٩١٣,١٩٠
	٢٣٧,٣٨٠,١٢٥	٢٣٧,١٤٥,٦٦٣

20. Sectorial Information

The RCCI carries out its operations in Riyadh, Saudi Arabia, both in the main office premises and its two centers; Riyadh International Convention and Exhibition Center and National Products Center. The following is a brief overview of some of the financial information of the main business sectors.

2018	RCCI	Riyadh Intl. Convention and Exhibition Center	National Products Center	Total
Revenue	١٨٩,٥٩١,٩٢٤	٧٢,٥٥٩,٧٩٧	٣,٠٢٦,٨٢٤	٢٦٥,١٧٨,٥٤٥
Change in net assets	٩,٦٠٠,٠٨٩	٣٨,٤٠٦,٦٤٩	٢,٦٤٦,٢٣١	٣١,٤٥٢,٧٩١
Total assets	٧٨٣,٧٨٦,٩٣١	٢٦٧,٠٣٣,٩٧١	١,٠٣٢,٨٨٥	١,٠٥١,٨٥٣,٧٨٧
Total liabilities	٣٠٨,١١٦,٣٨٦	١٤,٣٧٠,٦٢١	١,٨٧٦,٤١٤	٣٢٤,٣٦٣,٤٢

2017 (Note 21)	RCCI	Riyadh Intl. Convention and Exhibition Center	National Products Center	Total
Revenue	١٩٨,٨٩٧,٥٦٤	٥٠,٢٠٥,٠٣١	٢,٦٧٩,٤٩٨	٢٥١,٧٨٢,٠٩٣
Change in net assets	٢٦,٧٤١,٨٦١	٢٤,٤٦٧,٥٠٨	١,٤٧٣,٣٠٨	٨٠١,٠٤٥
Total assets	٧٨٢,٠٥٠,١٦٥	٢٣٥,٦٩٥,٠٧٨	١,٢٥٧,٥٦١	١,٠١٩,٠٠٢,٨٠٤
Total liabilities	٣٠٩,٤٥٣,٩٩٨	١١,٥٦٢,٣١٧	١,٩٢٩,١٦٥	٣٢٢,٩٤٥,٤٨٠

21. Application of the IFRS for SMEs

As shown in note 3, these financial statements for the year ended 31 December 2018 are the first financial statements prepared by the RCCI in accordance with the International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SMEs). For the year ended 31 December 2017 and earlier, the RCCI prepared its financial statements in accordance with the Accounting Standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Accordingly, the RCCI has prepared its financial statements in accordance with the IFRS for SMEs as at 31 December 2018, with the comparative statement of financial position as at 31 December 2017. The notes from (21-3) clarify the amendments made by the RCCI to adjust its previously issued financial statements in accordance with SOCPA Accounting Standards.

21.1 Impact of the Application of IFRS for SMEs on the Statement of Financial Position as at 31 December 2017.

Description	31 December 2017 Based on accounting Standards of SOCPA (SR)	Impact of the change to IFRS (SR)	31 December 2017 based on IFRS (SR)
Assets			
Current assets			
Cash and cash equivalents	£90,006,192	---	£90,006,192
Accounts receivable, net	737,704	---	737,704
Payments to contractors	10,120,000	10,120,000	---
Investments at fair value through profit or loss	---	06,689,742	06,689,742
Prepaid expenses and other receivables, net	77,349,407	17,109,913	94,459,320
Total Current Assets	088,278,303	08,774,600	747,443,008
Non-current assets			
Long-term investments	06,689,742	06,689,742	---
Real estate investment	04,303,346	3,998,846	00,304,500
Investments in real estate contributions	---	0,348,846	0,348,846
Long-term employee loans	21,874,170	---	21,874,170
Projects under construction	71,407,603	12,092,132	09,310,021
Property and equipment, net	223,103,667	11,063,092	234,666,709
Total non-current assets	227,228,058	00,878,782	371,009,796
Total assets	1,016,196,931	2,800,873	1,019,002,804
Liabilities and net assets			
Current liabilities			
Revenues received in advance	210,062,042	4,000,000	210,062,042
Accrued expenses and other credit balances	20,819,447	9,923,223	30,742,670
Total current liabilities	240,881,989	0,423,223	246,305,212
Non-current liabilities			
Employee benefits obligations	74,848,000	1,791,768	76,639,768
Total liabilities	310,730,489	7,214,991	322,945,480
Net assets			
Unrestricted assets	680,092,693	0,014,100	690,606,793
Restricted assets	10,373,749	9,923,223	0,450,526
Total net assets	700,466,442	4,409,118	696,057,324
Total liabilities and net assets	1,016,196,931	2,800,873	1,019,002,804

21.2 Impact of the Application of IFRS for SMEs on the Statement of Activities for the Year Ended 31 December 2017.

Description	31 December 2017 Based on accounting Standards of SOCPA (SR)	Impact of the change to IFRS (SR)	31 December 2017 based on IFRS (SR)
Revenues and gains			
Activity income	٢٠٤,٦٠٥,٧٣٨	٢,٨٢٣,٦٤٥	٢٠١,٧٨٢,٠٩٣
Income from leasing of real estate investments	---	٤,٤٠٨,٠٨٢	٤,٤٠٨,٠٨٢
Other income	٣,٩٤٤,٦١٩	---	٣,٩٤٤,٦١٩
Reimbursement of provision for credit losses	---	٢,٨٢٣,٦٤٥	٢,٨٢٣,٦٤٥
Returns on investment murabaha deposits	٨,٦٠١,٧٤٥	---	٨,٦٠١,٧٤٥
Gains realized on sale of investments at fair value through profit or loss	٢٣٠,٤٤٩	--	٢٣٠,٤٤٩
Unrealized gains on sale of investments at fair value through profit or loss	٩٥,٨١٠	---	٩٥,٨١٠
Total revenues and gains	٢٦٧,٤٧٨,٣٦١	٤,٤٠٨,٠٨٢	٢٧١,٨٨٦,٤٤٣
Expenses			
Operating expenses	٢٣٤,٨٢٤,٨٥٥	٢,٣٢٠,٨٠٨	٢٣٧,١٤٥,٦٦٣
Expenses of the early retirement program	٢٩,٣٦٧,٦٤٤	---	٢٩,٣٦٧,٦٤٤
Golden check expenses	٦,١٧٤,١٨١	---	٦,١٧٤,١٨١
Total expenses	٢٧٠,٣٦٦,٦٨٠	٢,٣٢٠,٨٠٨	٢٧٢,٦٨٧,٤٨٨
Change in net assets	٢,٨٨٨,٣١٩	٢,٠٨٧,٢٧٤	٨٠١,٠٤٥

19.3 Notes to Adjustments

- Rental income of real estate investments has been restated on a straight-line basis over the term of the lease contract, resulting in an increase in leasing rentals amounting to SR 3,426,831 in 2016 and SR 4,408,082 in 2017 with the increase in Income Due in the same amount in accordance with the requirements of IFRS for SMEs (Section 20 Leases). Income received in advance was also reduced against a reduction of accrued income to SR 4,500,000.

- Employee Benefit Obligations have been restated using the planned credit unit method with an actuarial valuation and resulted in an increase in the end-of-service provision of SR 1,768,791.

- The financial investments reclassified an amount of SR 56,689,742 as at 31 December 2017 in the statement of financial position from Long-term Investments to Investments at Fair Value through profit or loss in accordance with the requirements of IFRS for SMEs (Section 12, other issues on financial instruments).

- An amount of SR 12,092,132 has been reclassified from Projects under Construction to Property and Equipment as at 31 December 2017 in the statement of financial position. Depreciation Expense for the year ended 31 December 2017 amounting to SR 529,040 has been recognized in the statement of activities and the depreciation pool has been increased at the same value in accordance with the requirements of IFRS of SMEs (Section 17, Real Estate, Machinery and Equipment).

- An amount of SR 9,223,923 was reclassified from Restricted Assets as at 31 December 2017 in the statement of financial position to Other Credit Balances in accordance with the requirements of IFRS for SMEs (Section 22, Liabilities and Equities).

- An amount of SR 3,998,846 and another amount of SR 1,350,000 have been reclassified from Real Estate Investments, and Prepaid Expense and Other Receivables, respectively, as at December 31, 2017 in the statement of financial position to Investment in Property Contributions in accordance with the requirements of IFRS for SMEs (Section 3, Presentation of Financial Statements).

- An amount of SR 2,823,645 for the year ended 2017 has been reclassified in the statement of activities from Activity Income to the Reimbursement of Doubtful Provision in accordance with the requirements of the IFRS for SMEs (Section 3, Presentation of Financial Statements).

22. Capital Commitments

The capital commitments entered into by the RCCI on projects under construction and not incurred until 31 December 2018 amounted to approximately SR 89 million (approximately SR 118.9 million in 2017).

23. Financial Instruments, Risk Management and Fair Value

The restricted financial instruments in the statement of financial position include mainly cash and cash equivalents, prepayment expense, other assets, accrued expenses and other liabilities.

Credit risk

It is the inability of a party to meet its obligations which would result in the other party having suffered a financial loss. The RCCI has no significant concentration of credit risk. Cash is deposited with high credit rating local banks.

Commission Rate Risk

The risk arising from fluctuations in the value of financial instruments is the result of fluctuations in market commission rates. The RCCI has no significant assets or liabilities associated with commission rates as at 31 December 2018.

Currency Risk

It is the risk of changes in the value of financial instruments due to changes in foreign exchange rates. We assume that the RCCI is not substantially exposed to currency risk as all transactions are denominated in Saudi Riyals.

Fair Value

Fair value represents the value at which an asset is exchanged, or a liability is settled between knowledgeable and willing parties and on fair terms of transaction. Whereas the RCCI financial instruments are presented in accordance with the historical cost principle except for financial investments that are measured at fair value, they can result in differences between carrying value and fair value. The Management believes that the fair value of the financial assets and liabilities of the RCCI is not materially different from its carrying value.

24. Comparative Figures

The items, elements and notes of the comparative financial statements have been modified, re-issued, presented, tabulated and classified in accordance with the accounting policies applicable in the issuance, presentation, tabulation and classification of the items, elements and notes to the financial statements for the current year, which have been prepared in accordance with the IFRS for SMEs (Note 21)

25. General

Figures in the accompanying financial statements are rounded to the nearest Saudi Riyal.