

# **Sky One Money Market Fund**

## **FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

**Principal business address:**

P.O. Box 121200  
Dubai  
United Arab Emirates

# Sky One Money Market Fund

## Financial statements

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE UNIT HOLDERS OF SKY ONE MONEY MARKET FUND**

#### *Opinion*

We have audited the financial statements of Sky One Money Market Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023 and the statements of profit or loss, statement of cash flows and changes in net assets attributable to unit holders for the year ended 31 December 2023 and notes to the financial statements including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the *International Code of Ethics for Professional Accountants* (including international independence standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Other information consists of the information included in the Report of the Fund Manager, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

#### *Auditor's responsibilities for the audit of the financial statements*

Our objective is 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 ISAs 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.

## INDEPENDENT AUDITOR'S REPORT

### TO THE UNIT HOLDERS OF SKY ONE MONEY MARKET FUND continued

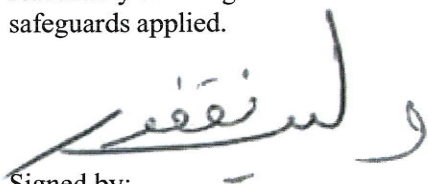
#### *Auditor's responsibilities for the audit of the financial statements continued*

As part of an audit in accordance with ISAs, 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 the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with a relevant ethical requirement of regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Signed by:  
Walid J Nakfour  
Partner  
Ernst & Young  
Registration No 5479

28 March 2024  
Abu Dhabi

# Sky One Money Market Fund

## STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>AED'000</b>	<b>2022</b> <b>AED'000</b>
<b>INCOME</b>			
Income from Islamic wakala deposits with local banks		<b>4,560</b>	971
Income from Islamic sovereign sukuk at amortized cost		<u>-</u>	<u>6</u>
		<b>4,560</b>	977
<b>EXPENSES</b>			
Management company fees	5	<b>(737)</b>	(152)
Custody fees	6	<b>(60)</b>	(105)
Units' registrar and transfer agent fees	7	<b>(98)</b>	(49)
Administrative services provider fees	8	<b>(98)</b>	(52)
Auditor's fees	9	<b>(30)</b>	(30)
Tax fees		<u><b>(51)</b></u>	<u>(9)</u>
		<u><b>(1,074)</b></u>	<u>(397)</u>
<b>Net profit for the year</b>		<u><b>3,486</b></u>	<u>580</u>
<b>Distributions to unit holders</b>		<u><b>(3,486)</b></u>	<u>(580)</u>
<b>INCREASE/(DECREASE) IN NET REDEEMABLE ASSETS ATTRIBUTED TO UNIT HOLDERS</b>		<u><u>-</u></u>	<u><u>-</u></u>

The notes number 1 to 17 form an integral part of these financial statements.

## Sky One Money Market Fund

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<i>2023</i> <i>AED'000</i>	<i>2022</i> <i>AED'000</i>
<b>ASSETS</b>			
<b>Current assets</b>			
Current accounts with local banks	15	12,771	11,357
Islamic wakala deposits with local banks	10	138,850	55,022
Receivables and accruals	11	<u>1,357</u>	<u>302</u>
<b>TOTAL ASSETS</b>		<b><u>152,978</u></b>	<b><u>66,681</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and accruals	12	<u>1,119</u>	<u>402</u>
<b>Total liabilities</b>		<b><u>1,119</u></b>	<b><u>402</u></b>
<b>NET ASSETS OF UNIT HOLDERS</b>		<b><u>151,859</u></b>	<b><u>66,279</u></b>

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**Fund Manager /**

The notes number 1 to 17 form an integral part of these financial statements.

# Sky One Money Market Fund

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTED TO UNIT HOLDERS

For the year ended 31 December 2023

	<i>UNIT'000</i> <i>No of units</i>	<i>AED'000</i> <i>Net assets</i>
At 1 January 2022	92,202	92,202
Numbers of units issued during the year	1,470,760	1,470,760
Numbers of units redeemed during the year	(1,496,683)	(1,496,683)
Net profit for the year	580	580
Distributions during the year	<u>(580)</u>	<u>(580)</u>
At 31 December 2022	<u>66,279</u>	<u>66,279</u>
At 1 January 2023	66,279	66,279
Numbers of units issued during the year	1,181,953	1,181,953
Numbers of units redeemed during the year	(1,096,373)	(1,096,373)
Net profit for the year	3,486	3,486
Distributions during the year	<u>(3,486)</u>	<u>(3,486)</u>
At 31 December 2023	<u><b>151,859</b></u>	<u><b>151,859</b></u>

The notes number 1 to 17 form an integral part of these financial statements.



# Sky One Money Market Fund

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	<i>Note</i>	<b>2023</b> <b>AED'000</b>	<b>2022</b> <b>AED'000</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the year		<b>3,486</b>	580
Accrued profits on Islamic wakala deposits with local banks		<b>(1,055)</b>	88
Accrued profit income on Islamic sovereign sukuk at amortized cost		-	31
Islamic wakala deposits with local banks		<b>(6,578)</b>	45,438
Islamic sovereign sukuk at amortized cost		-	1,057
Payables and accruals		<b>717</b>	(101)
Net cash flows (used in) from operating activities		<b>(3,430)</b>	47,093
<b>FINANCING ACTIVITIES</b>			
Issuance of new units		<b>1,181,953</b>	1,470,760
Recovery of issued units		<b>(1,096,373)</b>	(1,496,683)
Realized distributions		<b>(3,486)</b>	(580)
Net cash flows from (used in) financing activities		<b>82,094</b>	(26,503)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>78,664</b>	20,590
Cash and cash equivalents at 1 January		<b>51,457</b>	30,867
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	15	<b>130,121</b>	51,457

The notes number 1 to 17 form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 1 LEGAL FORM AND PRINCIPLE ACTIVITIES

Sky One Money Market Fund ("The Fund") was established on 23 December 2019 in United Arab Emirates as a public open ended investment fund. The Fund does not follow a specific index and invests in sharia compliant products only. The Fund's net asset value and unit holders' net asset value are accounted for at the end of each business day, and profits are distributed to unit holders on daily basis.

The Fund was established to invest in highly liquid sharia compliant assets and regulated by Emirates Securities and Commodities Authority. The Fund's registered address is P.O. box 121200, Dubai, United Arab Emirates.

These financial statements were approved and authorised for issue by the Fund manager on 28 March 2024.

### 2 BASIS OF PREPARATION

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards.

These financial statements have been prepared on the historical cost basis.

These financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Fund and all values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

### 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### **New and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 2022. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Fund.

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

These amendments had no significant impact on the financial statements of the Fund. The Fund intends to use the practical expedients in future periods if they become applicable.

#### **Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Lease back
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Supplier Finance Arrangement – Amendments to IAS 7 and IFRS 17

The Fund does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4 MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies have been applied on these financial statements.

#### a) Income from Islamic wakala deposits with local banks

Income from Islamic wakala deposits with local banks are recognised on an accrual basis using the estimated profit from the respective banks, such estimation is adjusted when the realised profit is confirmed at the end of the contracting period.

#### b) Income from Islamic sovereign sukuk at amortized cost

Income from Islamic sovereign sukuk at amortized cost is recognised using the effective profit rate.

#### c) Profits

##### 1. *Effective profit rate*

Profit income is included in profit or loss using the effective profit method. The effective profit rate represents the rate used effectively to discount the estimated future payments or the receipts over the expected life of the financial instrument to:

- The total carrying amount of the financial asset; or
- The amortized cost of the financial liability.

When calculating the effective profit rate of financial instruments other than those which are credit impaired when purchased or originated, the Fund manager estimates the future cash flows taking into consideration all contracting terms of the financial instrument, without taking into consideration expected credit losses.

When calculating the effective profit rate, transaction costs which are either paid or received which form an integral part of the effective profit rate are taken into account. Transaction costs include additional costs directly attributable to the acquisition of a financial asset or a financial liability.

##### 2. *Calculation of income and expenses of the profit*

The effective profit rate of the financial asset or financial liability is determined upon initial recognition of the financial asset or financial liability. Where calculating profit income and expenses, the effective profit rate is applied on the total carrying amount of the asset (when the asset is not exposed to credit impairment) or on the amortized cost of the liability.

#### d) Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through OCI or amortized cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

**4 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**d) Financial assets** continued

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at amortised cost (trade and other receivables);
- b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- d) Financial assets at fair value through profit or loss.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost, if both the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

The Fund's financial assets are classified at amortised cost, which include receivables and accruals, Islamic sovereign sukuk at amortized cost, current accounts with local banks and Islamic wakala deposits with local banks.

The Fund does not have financial assets at fair value through OCI and at fair value through profit or loss

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4 MATERIAL ACCOUNTING POLICY INFORMATION continued

#### e) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's financial liabilities include payables.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- a) Financial liabilities at fair value through profit or loss
- b) Financial liabilities at amortised cost (loans and borrowings)

All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a loan at a below-market interest rate.

At initial recognition, the Fund may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Fund is provided internally on that basis to the entity's key management personnel.

##### *Derecognition*

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

#### f) Impairment of financial assets

In relation to the impairment of financial assets, the Fund applies the Expected Credit Loss ("ECL") model as opposed to an incurred credit loss model. Under the expected credit loss model, the Fund accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised. The Fund has adopted the simplified approach for measuring the impairment on its financial assets. Under the simplified approach, the Fund measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

**4 MATERIAL ACCOUNTING POLICY INFORMATION** continued

**g) Financial instruments - offsetting**

Financial assets and financial liabilities are only offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Fund intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

**h) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of current accounts with local banks and short term wakala deposits with local banks with a maturity of three month or less.

**i) Provisions**

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

**j) Foreign currencies**

Transactions in foreign currencies are recorded at the current rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date. All differences are taken to profit or loss.

**5 MANAGEMENT COMPANY FEES**

Management company fees amount to 0.75% (2022: 0.75%) of the Fund's net assets per annum, and are accounted for on a daily basis and payable to the management company on an annual basis. The Fund manager, at their discretion, can return a part or all the management fees.

**6 CUSTODY FEES**

Custody fees amount to 0.06% (2022: 0.06%) of the Fund's net assets annum with a minimum amount of AED 60,000 per annum in addition to VAT, and they are accounted for on a daily basis and due to the custodian on a monthly basis. The Fund Manager, at their discretion, can return a part or all the custodian fees.

**7 UNIT'S REGISTRAR AND TRANSFER AGENT FEES**

Units Registrar and Transfer Agent charges amount to 0.1% (2022: 0.1%) of the Fund's net assets per annum and are accounted for on a daily basis and payable to the Units Registrar and Transfer Agent on an annual basis. The Fund manager, at their discretion, can return a part or all Units Registrar and Transfer Agent fees.

**8 ADMINISTRATIVE SERVICE PROVIDER FEES**

Administrative service provider fees amount to 0.1% (2022: 0.1%) per annum of the Fund's net assets, accounted for on a daily basis and payable to the administrative service provider on an annual basis. The Fund manager, at their discretion, can return a part or all administrative service fees.

**9 AUDITOR'S FEES**

Auditor fees are amount to AED 30,000 (2022: AED 30,000) per annum.

# Sky One Money Market Fund

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 10 ISLAMIC WAKALA DEPOSITS WITH LOCAL BANKS

	2023 AED'000	2022 AED'000
Sharjah Islamic Bank	31,000	14,922
National Bank of Fujairah	30,400	15,600
Abu Dhabi Islamic Bank	30,400	-
Dubai Islamic Bank	24,800	-
Ajman Bank	9,750	10,000
Emirates Islamic Bank	7,500	14,500
RAK Bank	5,000	-
	<u>138,850</u>	<u>55,022</u>

### 11 RECEIVABLES AND ACCRUALS

	2023 AED'000	2022 AED'000
Accrued profits on Islamic wakala deposits	<u>1,357</u>	<u>302</u>

### 12 PAYABLES AND ACCRUALS

	2023 AED'000	2022 AED'000
Management company fees	774	152
Custody fees	98	87
Auditor's fees	46	62
Administrative service provider fees	98	52
Units registrar and transfer agent fees	<u>103</u>	<u>49</u>
	<u>1,119</u>	<u>402</u>

### 13 RELATED PARTIES

Related parties represent the Fund manager, their associated companies, major shareholders, directors and key management personnel of the Fund manager, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Fund manager.

Transactions with related parties included in the statement of profit or loss are as follows:

	2023 AED'000	2022 AED'000
Management company fees	737	152
Units' registrar and transfer agent fees	98	49
Administrative service provider fees	<u>98</u>	<u>52</u>
	<u>933</u>	<u>253</u>

# Sky One Money Market Fund

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 13 RELATED PARTIES continued

The balances with related parties included in the statement of financial position as follows:

	2023 AED'000	2022 AED'000
Other payables	<u>975</u>	<u>253</u>

#### Terms and conditions of transactions with related parties

Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### 14 BASIC EARNINGS PER UNIT

Basic earnings per unit are calculated by dividing the net profit for the period attributed to unit holders by the weighted average number of units outstanding during the year as follows:

	2023	2022
Net profit of the year (AED'000)	3,486	580
Average number of units during the year (Unit'000)	<u>98,205</u>	<u>76,528</u>
Basic earnings per unit (AED)	<u>35.50</u>	<u>7.58</u>

### 15 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the cash and cash equivalents consist of the following:

	2023 AED'000	2022 AED'000
Current accounts with local banks	12,771	11,357
Add: Islamic wakala deposits held in local banks with original maturity less than three months	<u>117,350</u>	<u>40,100</u>
Cash and cash equivalents	<u>130,121</u>	<u>51,457</u>

### 16 RISK MANAGEMENT

The main risks arising from the Fund's financial instruments are liquidity risk and credit risk. The Fund manager reviews and approves the policies for managing each of these risks which are summarized below.

#### (a) Liquidity risk

Liquidity risk is the risk where the Fund unable to meet its financial obligations when due under normal or critical conditions. As at 31 December 2023, the Fund's exposures to liquidity risk were not material.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

**16 RISK MANAGEMENT** continued

**(b) Credit risk**

Credit risk is the risk of financial loss to the Fund if the financial institutions or counterpart to a financial instrument fails to meet its contractual obligations, and arises mainly from the Fund's deposits.

The Fund's maximum exposure to credit risk (regardless of any collaterals or other securities held), in case the counterparties fail to meet their contractual obligations related to each category of recognised assets, is represented in the carrying value of such assets as follows;

	<b>2023</b>	<b>2022</b>
	<b>AED'000</b>	<b>AED'000</b>
Current accounts with local banks	<b>12,771</b>	11,357
Wakala deposits with local banks	<b>138,850</b>	55,022
Receivables and accruals	<b><u>1,357</u></b>	<u>302</u>
	<b><u>152,978</u></b>	<u>66,681</u>

**17 COMPARATIVE INFORMATION**

The comparative figures have been reclassified to conform to the current period presentation. Such reclassifications have no effect on the previously reported net profit or net assets of unit holders of the Fund.