



Transparency Report

For the financial year ended December 31, 2021



MOORE

El-Sayed El Ayouty &co.

Certified public accountants



“

Global knowledge
Local expertise



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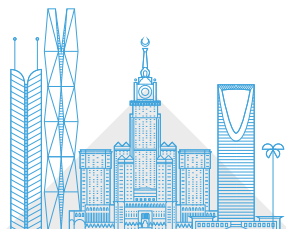
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Foreword

El Sayed El Ayouty & Co. Certified Public Accountants ("the firm") was formed since 1954 in the Kingdom of Saudi Arabia, and it is one of the first accounting and auditing firms operating in the Kingdom. The company conducts its business across the main cities of Riyadh, Jeddah, and Khobar and has other branches.



One of the largest certified public accountants and consultants firms in the Kingdom, located in its main cities



The firm was formed since 1954

This early commitment to the Saudi market along with our unwavering focus on quality was the basis of our accumulated experience, and is reflected in our appointment by many of the Kingdom's most prestigious companies.

The firm blend of international expertise and local knowledge makes us as well positioned to serve the ever expanding Saudi Arabia businesses looking to join the global economy as well as international companies seeking to enter the Saudi stock market.

Our company includes elite partners, senior executives and distinguished professionals in various fields, all of whom contribute to providing unique and quality professional services to our clients and assist them in developing their business by providing innovative and distinctive solutions and providing advice, and realistic and logical analysis that enhances the growth and sustainability of their business and aspirations.

The firm has an advisory committee that includes both partners and senior executives. The committee sets strategic plans and objectives, verifies compliance with laws, regulations and legislation, and follows up on work progress. The committee met during the reporting period and discussed the business plan under the circumstances of the novel Corona pandemic, the education and development plan, and reviewed the education and development plan, the statutory and regulatory requirements, and the committee also recommended raising the rate of Saudization in line with the firm's goals and future directions and trends.



Abdullah AlFaddaghi
Partner



Mohamed S.El Ayouty
Managing Partner



Abdullah Balamash
Managing Partner



Nafeer Khan
Manager



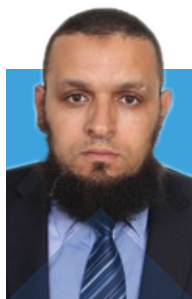
Mahmoud Elsayed
Director



Amr Mahmoud
Manager



Adil Wahid
Manager



Elsayed Hani
Manager



Ehab Salmin
Manager



Amr Salah
Manager



Abdulrahaman Batarfi
Manager



Saeed El Heraika
Manager



Krishna Morthy
Manager



Ali Zain
Manager

Our values



Innovation in what we do and
how to make it success



Quality



Seriousness in success



Show commitment to members
employees and clients



Credibility, ethics and
openness



Supporting profitable
growth of member



The ability to initiate



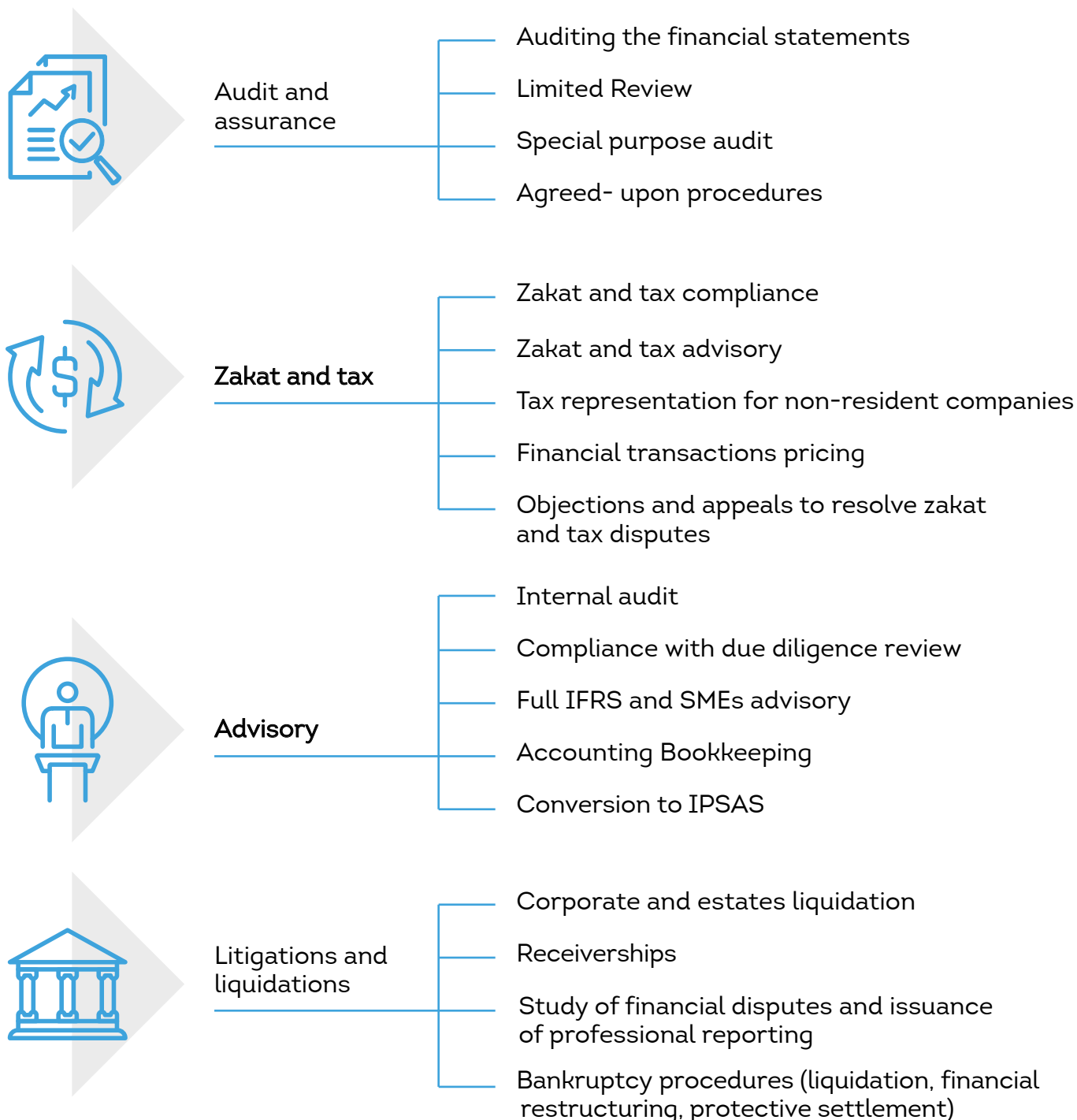
Readiness and
responsiveness



Generating confidence
through integrity and honesty

Our services

We provide a set of integrated professional services to help our clients achieve growth and protect their wealth, and we are also working hard to ensure that our professional services add real value to our clients in a way that serves their aspirations and objectives.



Legal status

El Sayed El Ayouty & Co, Certified Public Accountants, is a Saudi professional partnership firm registered in the Kingdom of Saudi Arabia with the Ministry of Commerce under a professional registration number [4030291245](#), and with the Capital Market Authority (CMA) with registration number [190600](#). The Firm is also a member of Moore Global, a private UK company limited.

The firm changed its legal form from a professional partnership to a professional limited liability on 01/05/1443 H (05/12/2021). It also changed the fiscal year, which now ends on September 30, 2022. The first fiscal year begins on January 1, 2022, following the amendment.

Global office network

El Sayed El Ayouty & Co, Certified Public Accountants is an independent member of the More International Group Ltd., and more is considered one of the ten largest accounting and consulting firms in the world other than the Big Four.

More International Group Limited and the member offices are independent legal entities, and there are no agreements between Moore and the member offices indicating the existence of an agency or partnership relationship. More provides its services to clients through the member offices, and the member offices are committed to adhering to the application of more methodology and policies. Furthermore Moore applies the Quality control of member offices periodically to verify their commitments.



More than [110](#) countries



More than [600](#) offices



More than [260](#) compines



Ranked among [10](#) companies
in the world



Revenue is
billion [3.1](#) \$

Governance

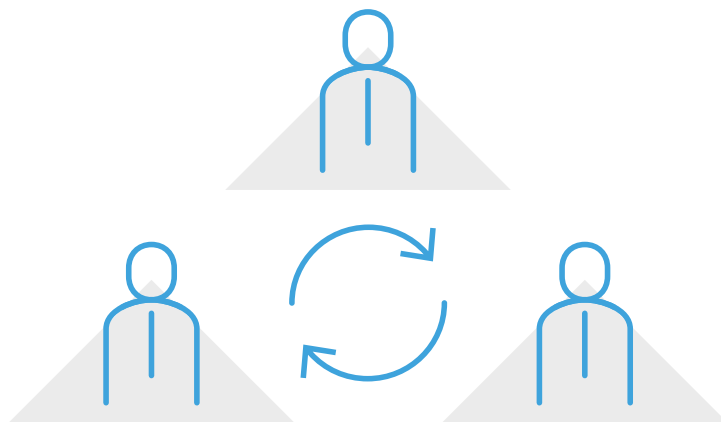
We exert and harness our efforts to fulfill the legal and regulatory requirements related to governance, and our firm applies strict and stringent policies to ensure the compliance of the firm and all its employees, including partners and employees, in implementing our corporate governance policies, and the person responsible for compliance and compliance undertakes this role, and we continuously follow our governance policy and work on Updating it according to economic variables, legal and organizational requirements, and improving quality control, as our advisory committee reviews and discusses the policy and makes certain recommendations, if any, then it is submitted to the Council of Partners for approval.

Independence policies

► The independence of the company, partners and employees from clients

The company, including the partners and employees, shall comply with the professional standards and requirements of the code of conduct and ethics issued by the Saudi Organization for Certified Public Accountants, the International Professional Ethics Standards Board issued by the Council of International Standards for Professional Ethics for Accountants and all relevant regulations and requirements.

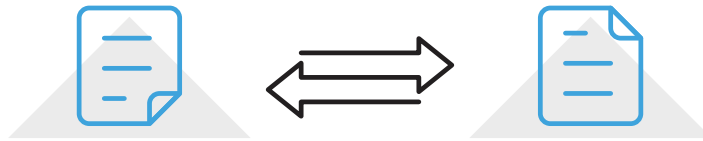
We also follow a policy of rotating professional staff with audit clients specifically to ensure compliance with the requirements of independence in the best possible way. Moreover, we have assigned a responsible person to provide advice related to independence and verify that their requirements are met.



Governance

► Independence of other auditors from clients

Our company carries out audits with other companies and offices in accordance with the requirements of the relevant local regulations, and accordingly we do our part to verify the commitment of other auditors to fulfill the requirements of independence.



► Conflict of interests and threats to independence

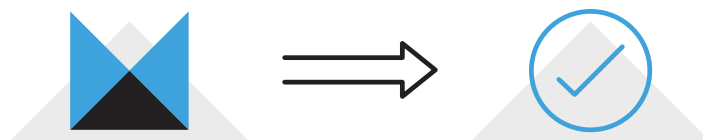
We periodically verify that there is no conflict of interest by advising our employees of the list of audit clients and services that require providing assurances. This includes the relevant parties and senior executives in the entity.

We also verify the threats to independence during the client acceptance process and the continuation of dealing with it. This includes without limitation asserting independence in engagement letters as well as assessing continuity with clients who have fees owed in our favor to ensure that they do not affect our independence.

► Moore Global Independence and its members' offices

More International owns a database that enables members to verify and assess the non-existence of a conflict of interest, and more manages the database in an integrated manner and works to update it periodically to ensure that there is no conflict of interest during the client acceptance process and the continuation of dealing with it.

More International, in accordance with its relevant policies, obliges member offices to enter all services provided to their clients from listed companies for trading in the financial markets and their clients with public interest, including their clients related to listed companies for trading in the financial markets or those with public interest.



Governance

► Documenting independence

Within our adopted policy related to independence, all members of our staff, including partners and employees, commit to submitting a set of forms and disclosures on an annual basis, in addition to reaffirming independence with each audit process or services that require providing assurances. El Sayed El Ayouty & Co. – Certified Public Accountants and Auditors – declares that the Firm's independence policies are well-established and effectively implemented. This fact is documented as part of the working papers.

► Membership of partners with entities subject to the supervision of the Capital Market Authority (CMA)

Partner	The company
Mohamed El Ayouty	<ul style="list-style-type: none">- SITCO Capital Company Member of Audit Committee and Member of Risk and Compliance Committee- Financial Speculation Company Director of the Board

► Basis for calculating partners' remunerations

The calculation is made as per Article (13) of the company's Articles of Association as follows:

%7 for the engagement partner

%93 for shareholders in the share capital according to the shareholding % in the company's Articles of Association.

%7

Engagement partner

%93

Shareholders in the share capital

Quality control

International Standard for Quality Management

Moore International is currently developing a quality management software platform to support network offices worldwide in conducting effective quality management on their audit practices and compliance with the new requirements of International Standards for Quality Management (ISQM 1 & 2) which will become effective on December 15, 2022.

This comes in response to the decision of the International Standards Board for Auditing and Assurance to issue a quality management standard that includes fundamental changes in the way professional accounting firms manage quality, which requires a risk-based and more proactive approach to quality management at the level of accounting firms.

International Standard for Quality Control

We apply ISQC (1) in parallel with relevant ethical requirements to all audit and review engagements of financial statements and other assurance and related engagements.

1 Leadership responsibilities regarding quality within the firm

We have a full commitment to quality control and we have complied with and adhered to the application of the International Standard for Quality Control (1), in order to emphasize the significance and necessity of this when performing and implementing assurance and other related engagements.

We work periodically to allocate the necessary resources to develop and update the control policies and procedures related to quality to ensure our continuous commitment to maintaining the appropriate level when carrying out our work.

Our quality-related policies include strengthening the internal culture of the engagement team, including the partners, and taking into account the contracts, training and related professional development. We also specify a number of training hours to develop and maintain appropriate competence for engagement responsibilities and we also conduct a periodic evaluation on thereof.

We select candidates to work for us based on specific criteria related to the level of competence, performance, and educational and professional attainment, and not based on any other considerations.



Total compliance with quality control



Allocate the necessary resources



Strengthening the internal culture



Select candidates based on specific criteria

Quality control

2 Relevant ethical requirements

We work to establish and implement the rules of professional conduct and ethical requirements among our employees, including partners, which must be adhered to when dealing with clients and colleagues, including the following:

- ▶ Organizing the professional relationship between all our employees.
- ▶ Organizing the contractual relationship between our staff and our clients.
- ▶ Maintaining objectivity, independence and confidentiality.
- ▶ Constant urge to show professional integrity.



Urging Professional integrity



Maintaining objectivity independence and confidentiality



Organizing the contractual relationship between our staff and our clients.



Organizing the relationship between the employees of the company

3 Acceptance and continuity of relationships with the client and specified engagements

The firm relies in its policies regarding the acceptance of clients and the continuation of the relationship with them or the termination of that relationship on a set of standards and controls that are applied to ensure that clients meet the conditions of the firm to join or continue within clientele list.

The process of accepting clients or continuing with them is based on the information that is collected about clients, whether before the engagement with them or during or after the implementation of the engagements, to ensure mainly the integrity and experience of the management, and the most important sources of that information are the following:

- ▶ Client's approved financial statements and official documents
- ▶ Performed engagements
- ▶ Customers, suppliers and banks
- ▶ Previous Public Accountant

Moreover, we implement annual evaluation procedures objective of which is to ensure that clients continue to fulfill the firm's policies regarding client acceptance and the continuation of the relationship with them. Such procedures are properly documented, and we also review and evaluate periodically those related policies to ensure their efficiency and development if required.



Clients fulfill the firm's conditions



Gathering information about clients



Annual procedures to ensure that clients are satisfied

Quality control

4 Human resources

An effective employee planning system is developed and implemented to ensure that the firm has a sufficient number of employees at the required levels and at the right time to perform the assignments through several factors, such as:

- ▶ Employment, professional development and training for our staff, providing the opportunity for Saudi candidates to work for us, in addition to adhering to the requirements of the regulatory authorities with regard to continuing professional education.
- ▶ Appraising the performance of employees and promoting them in line with the technical capabilities and professional knowledge for each job level, in addition to fulfilling the requirements of the Saudi Organization of Certified Public Accountants (SOCPA) related to the evaluation of performance and promotions.
- ▶ The existence of a job description to determine the responsibilities at each level, the expected performance, the required qualifications and the experience. The standards or determinants that are taken into consideration in evaluating the performance of individuals according to the job level are specified.
- ▶ Discussing the performance of employees and informing them of the results of the evaluation periodically. The development and training plan is reviewed according to the job level.
- ▶ Reviewing the performance appraisal system periodically, and determining the job levels responsible for nominating promotions and the task of making promotion and termination of service decisions.



Job description to
define responsibilities



Employee's evaluation



Employment



Review the performance
appraisal system periodically



Discussing employee
performance periodically



Professional development
and training

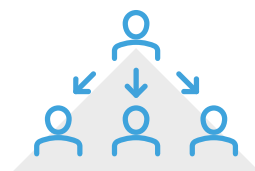
Quality control

5 Engagements' performance

The firm's policy is to provide a reasonable degree of satisfaction that the audit work has been carried out in a manner consistent with the quality levels approved by the firm. Also, our firm takes into account that its responsibility to develop appropriate policies and procedures for planning, implementing and supervising operations is an independent responsibility from the responsibilities of the engagement team responsible for planning. The implementation and supervision of the review process for our clients, and that matter is related to international auditing standards endorsed for application in the Kingdom of Saudi Arabia. The process of controlling and supervising the engagement process is carried out through preparing an estimated budget for the time required to implement the process, and the progress of work is constantly monitored during implementation, as well as the use of an index and model forms for the audit file that includes all the procedures to be implemented during the audit process.



Provide a reasonable degree of satisfaction



Control and supervision of field work

6 Follow-up

The planning, supervision and audit of all assignments undertaken by the Firm are appropriately carried out in accordance with the professional standards endorsed for application in the Kingdom of Saudi Arabia. The partner responsible for the engagement fully performs his responsibilities for the engagement, regardless of any authorization that may be made in order to perform the work necessary to issue the report. We have a policy for following up the implementation of the engagements periodically and continuously, through the responsible partner to ensure that the engagement is carried out in accordance with the relevant professional requirements. El Sayed El Ayouty & Co. – Certified Public Accountants and Auditors - declares that the Firm's system of quality control is well-established and effectively implemented.



Follow up on the implementation of the engagements periodically and continuously



Planning, supervision and audit of all assignments

Quality control

7 Outcomes of the most recent quality control review

Moore Global's most recent review was completed in January and February 2021 by one of the network's offices in the Middle East. The review team is made up of experienced partners, executives, and managers. Three audit engagements were chosen as a sample. The Moore Global Review program contains five evaluation criteria:

1. There is no need for remedial action.
2. Simple remedial steps must be taken.
3. significant remedial action is necessary.
4. Immediate remedial action is essential.
5. Urgent remedial steps are necessary.

The review revealed a sample from Grade "1," a sample from Grade "2," and a sample from Grade "3."

The most recent review was carried out by the company's quality department in November and December 2019. A quality control manager, audit managers, and experienced auditors comprised the review team. Six audit engagements were chosen as a sample. Moore Global's assessment metrics are used in the review program.

The result of the review showed four samples of Grade "1," a sample of Grade "2" and a sample of Grade "3".

Based on the review, the reasons have been identified and rectified, such as enhanced audit work documentation and training and development in specialized domains. The team was informed of the findings and instructed not to repeat them in the future.

A review is currently being conducted by the company's quality management during March and April 2022. The review team includes a quality control manager and audit managers having audit experience. A sample of three audit engagements was selected from the audit engagements. The selected sample is assessed as per Moore Global's practices. The review is being finalized after which a report will be issued with the results.

Saudization

We strive to empower Saudi youth energies, as we have developed a program that supports obtaining professional certificates, and the program is characterized by high flexibility and through which we provide material support, flexible working hours and paid study leave, in order to provide all possible means that assist our youth adequately prepare to reach their aspirations and their goals.

We also participate in providing cooperative training programs with Saudi universities according to flexible and appropriate training plans that are commensurate with the interests, desires and aspirations of the trainees.

The percentage of Saudi professionals reached %34, and we have worked on developing a strategic plan with a clear objective to reach a rate of more than %45 during the coming period.

%34

The percentage of Saudi professionals



%45

Target in the coming period

Education and vocational training

We always strive to provide all possible means that would develop the knowledge and skills of our employees, and we are always working with care and diligence to enable our employees to obtain continuous vocational education and training, and we are adhered to providing continuous education according to a clear training strategy based on scientific and professional basis taking into account the suitability of the training programs according to the needs of both the individual and the collective levels. Many training programs were conducted during the reporting period, including some of the international accounting standards, anti-money laundering programs, commercial arbitration, zakat and taxes, liquidation, bankruptcy and financial reorganization.



Zakat and Tax softwares



Anti-money laundering and terrorist financing softwares



International standards IFRS - softwares



Liquidation, bankruptcy and financial reorganization softwares



Commercial arbitration softwares



International Standards for Auditing Programs

Statement of the average hours of vocational education and training for each job level:

Title	Average hours
Partner	140
Director	37
Manager	37
Professional employee	34

Financial information

The total revenues, including auditing services for the financial year ended 31, December 2021 amounted to SR 38.3 million Saudi riyals, and the following are the details of the entities subject to the Authority's supervision

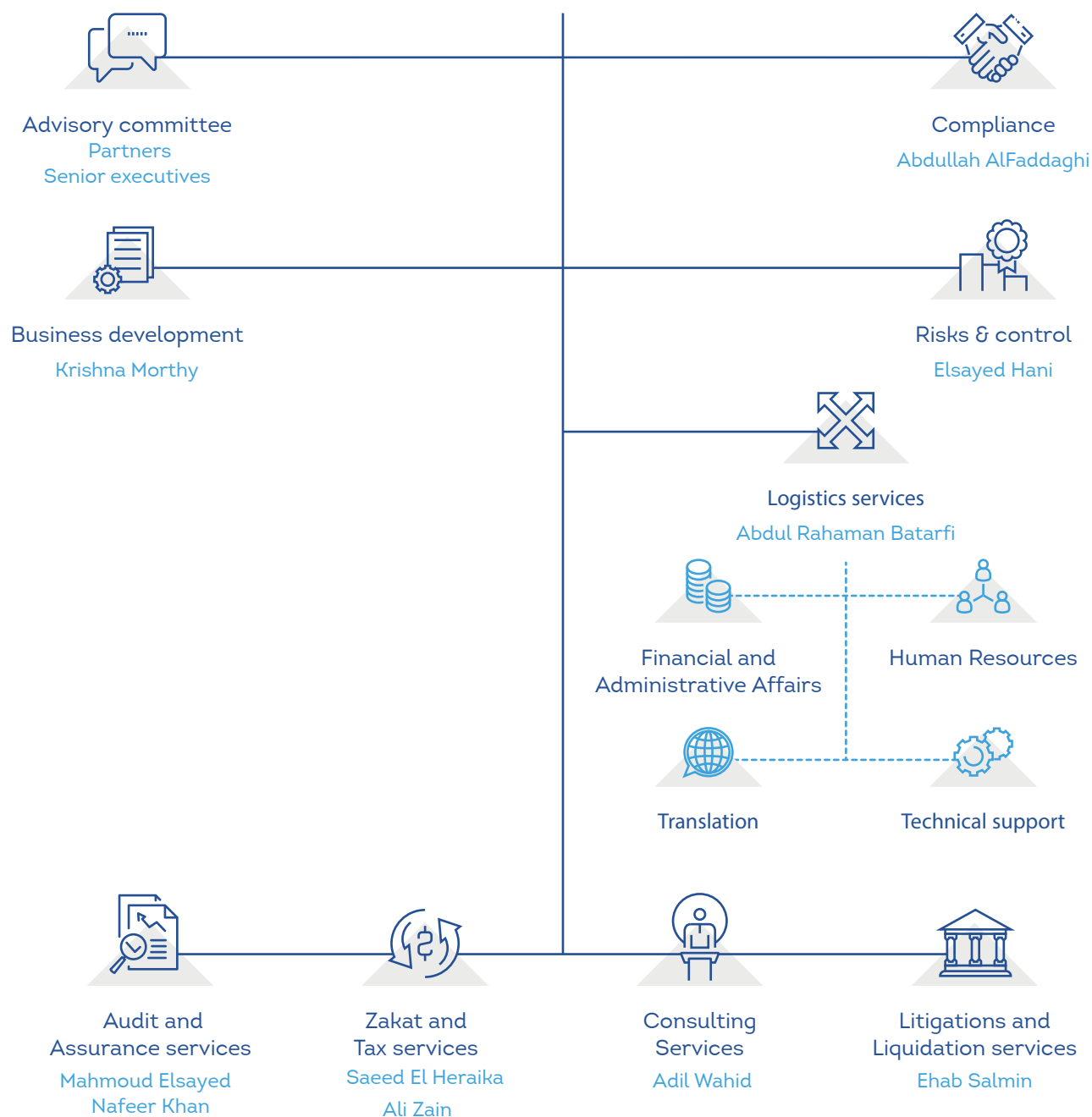
SR Million	
Total revenue from auditing processes for the entities subject to the authority's supervision	2.5
Total revenues from other operations of the e entities subject to the authority's supervision	Revenues from other operations of the entities subject to supervision of the organization for which audit services are provided
	0.29
	other operations of the e entities subject to the authority's supervision for which audit services are not provided
	-

Appendix 1



Board of partners

Mohamed S.El Ayouty / Abdullah Balamash/ Abdullah AlFaddaghi



Appendix 2

Below is a list of our clients that are subject to the supervision of the Capital market authority (CMA) during the reporting period. the total numbers of hours of audit engagements for those clients reached 8,356 hours and the percentage of those performed by the partners represents %5

Name of client	Partner responsible for the engagement
Saudi Enaya Cooperative Insurance Company	Mohamed El Ayouty
Wala Cooperative Insurance Company	Mohamed El Ayouty
Al Etihad Cooperative Insurance Company	Mohamed El Ayouty
Buruj Cooperative Insurance Company	Mohamed El Ayouty
Naseej International Trading Company	Mohamed El Ayouty
National Marketing and Construction Company	Mohamed El Ayouty
Baazeem Trading Company	Mohamed El Ayouty
National Gypsum Company	Abdullah Balamash
Al-Abdullatif Industrial Investment Company	Abdullah Balamash
Hail Cement Company	Abdullah Balamash
Saudi Arabian Refineries Company	Abdullah Balamash



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