



Kingdom of Bahrain

National Audit Office

Future Generation Reserve

Financial Statements

For the year ended 31 December 2024

Contents

Topic	Page
Independent auditor's report	1
Statement of financial position	3
Statement of profit or loss and other comprehensive income	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7



Independent Auditor's Report

Their Excellency Board of Directors - Future Generation Reserve

Opinion

We have audited the financial statements of Future Generation Reserve (the Reserve), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as indicated in pages from (3) to (17).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Reserve as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with the National Audit Office Law and the International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI). Our responsibilities under those standards are further described in the "Responsibilities of the National Audit Office for the audit of the financial statements section" of our report. The National Audit Office is independent of the Reserve in accordance with the ISSAIs Code of Ethics requirements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS standard, and for such internal control as the board of directors 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, the board of directors is responsible for assessing the Reserve'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 board of directors either intends to liquidate the Reserve or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the National Audit Office for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Reserve's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Reserve.
- Conclude on the appropriateness of the Board of Directors' 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 Reserve'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 Reserve 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 the Reserve 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.

Ahmed bin Mohammed Al Khalifa
Auditor General
National Audit Office

1 June 2025

**Future Generation Reserve
Statement of Financial Position
As at 31 December 2024**

(Expressed in United States Dollars)

	Note	2024	2023
<u>Assets</u>			
<u>Non-Current Assets</u>			
Financial assets measured at fair value through other comprehensive income (FVOCI)	3	14,621,454	11,250,810
Investment properties	4	58,628,770	59,428,102
Total Non-Current Assets		73,250,224	70,678,912
<u>Current Assets</u>			
Financial assets measured at fair value through profit or loss (FVPL)	5	754,829,621	593,333,042
Receivables	6	23,993,309	13,615,348
Fixed deposits	7	-	66,565,764
Cash and cash equivalents	8	72,170,684	24,704,675
Total Current Assets		850,993,614	698,218,829
Total Assets		924,243,838	768,897,741
<u>Liabilities and Equity</u>			
<u>Current Liabilities</u>			
Accruals and other payables	9	6,252,877	3,524,455
Total Current Liabilities		6,252,877	3,524,455
<u>Equity</u>			
Accumulated funds	10	621,722,667	542,706,181
Retained earnings		296,835,738	224,705,193
Investment fair value reserve		(567,444)	(2,038,088)
Total Equity		917,990,961	765,373,286
Total Liabilities and Equity		924,243,838	768,897,741

Salman bin Khalifa Al Khalifa
Chairman

Ali bin Salman Al Khalifa
Chief Executive Officer

The notes on pages (7) to (17) form an integral part of these financial statements

Future Generation Reserve
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024

(Expressed in United States Dollars)			
	Note	2024	2023
Change in fair value of financial assets measured at FVPL	5	63,929,927	54,101,072
Realised gains on redemption of financial assets measured at FVPL	5	455,836	3,148,983
Change in fair value of investment properties Revaluation	4	(56,061)	776,360
Dividend and interest income	11	6,523,952	6,147,702
Reimbursement of expenses by Ministry of Finance and National Economy (MOFNE)	12	7,105,998	6,065,237
General and administrative expenses	12	(7,105,998)	(6,065,237)
Foreign exchange gain		323,157	42,046
Other income		35,971	60,148
Government Grant – Royal Grant "Land"	4	917,763	-
Net profit for the year		72,130,545	64,276,311
Other comprehensive income			
Change in fair value of financial assets measured at FVOCI	3	1,470,644	(274,477)
Total other comprehensive income / (loss)		1,470,644	(274,477)
Total comprehensive income for the year		73,601,189	64,001,834

Salman bin Khalifa Al Khalifa
Chairman

Ali bin Salman Al Khalifa
Chief Executive Officer

**Future Generation Reserve
Statement of Changes in Equity
For the year ended 31 December 2024**

(Expressed in United States Dollars)

	Accumulated funds	Retained earnings	Fair value reserve	Total
2024				
Opening balance at 1 January	542,706,181	224,705,193	(2,038,088)	765,373,286
Net profit for the year	-	72,130,545	-	72,130,545
Other comprehensive income for the year	-	-	1,470,644	1,470,644
Contributions earned from oil sales	79,016,486	-	-	79,016,486
Closing balance at 31 December	621,722,667	296,835,738	(567,444)	917,990,961
2023				
Opening balance at 1 January	450,328,168	160,428,882	(1,763,611)	608,993,439
Net profit for the year	-	64,276,311	-	64,276,311
Other comprehensive loss for the year	-	-	(274,477)	(274,477)
Contributions earned from oil sales	92,378,013	-	-	92,378,013
Closing balance at 31 December	542,706,181	224,705,193	(2,038,088)	765,373,286

Future Generation Reserve
Statement of Cash flows
For the year ended 31 December 2024

(Expressed in United States Dollars)			
	Note	2024	2023
<u>Cash flows from operating activities</u>			
Net profit for the year		72,130,545	64,276,311
Adjustments			
Dividend and interest income	11	(6,523,952)	(6,147,702)
Reimbursement of management and custody fees	5	3,277,521	2,628,807
Change in fair value of investment properties	4	56,061	(776,360)
Government grant – Royal Grant "Land"	4	(917,763)	-
Operating profit before changes in working capital		68,022,412	59,981,056
Changes in working capital			
Financial assets measured at FVPL		(164,774,100)	(102,952,550)
Fixed deposits		66,565,764	(66,565,764)
Receivables		(15,601,066)	(132,032)
Accruals and other payables		2,728,422	(1,745,644)
		(43,058,568)	(111,414,934)
Dividend income received		1,281,242	1,616,343
Interest income received		7,215,269	2,578,320
Net cash used in operating activities		(34,562,057)	(107,220,271)
<u>Cash flows from investing activities</u>			
Net additions in investment properties	4	1,661,034	(6,597,876)
Additions in financial assets measured at FVOCI	3	(1,900,000)	-
Net cash used in investing activities		(238,966)	(6,597,876)
<u>Cash flows from financing activities</u>			
Contributions received from oil sales		82,267,032	88,501,097
Net cash generated from financing activities		82,267,032	88,501,097
Net increase / (decrease) in cash and cash equivalents		47,466,009	(25,317,050)
Cash and cash equivalents at the beginning of the year	8	24,704,675	50,021,725
Cash and cash equivalents at the end of the year	8	72,170,684	24,704,675

The notes on pages (7) to (17) form an integral part of these financial statements

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

1. Incorporation and Background Information

The Future Generation Reserve (the Reserve) was established, in accordance with Law No. (28) of 2006 promulgated on 17 July 2006, as a legal personality, having financial and administrative independence. According to the mentioned law and its amendments, the Reserve is funded through the contribution from the oil revenue for the Reserve based on the barrel of crude oil price levels exported outside the Kingdom of Bahrain, the contribution to the Reserve started as of 1st January 2007.

The Reserve operates independently, and its objective is to invest funds for the future generation. The Reserve is governed by a Board of Directors comprising a Chairman (H.E. the Minister of Finance and National Economy) and eight directors in accordance with Decree No. (2) of 2007 and its amendments, to include:

- Undersecretary of Financial Affairs at the Ministry of Finance and National Economy (Deputy Chairman).
- Chairman of Legislation and Legal Opinion Commission.
- Chief Executive Officer of Economic Development Board.
- Mr. Nader Kareem Al Maskati.
- Mr. Nabil Saleh Abdel-Aal
- Mrs. Najla Mohammad Al Shirawi.
- Mr. Ali Mousa Shafae.
- Mr. Abdullah Abdulrazzaq Bukhowa.

On 17th June 2021 Shaikh Ali bin Salman Al Khalifa was appointed as the Chief Executive Officer (CEO) of the Future Generations Reserves Council according to Decree No. (74) of 2021.

2. Summary of material accounting policies

2-1 Standards used in preparation of the financial statements

The financial statements of the Reserve have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as well as the requirements of Law No. (28) of 2006 regarding the Future Generations Reserve Fund.

2-2 Basis of preparation

The financial statements have been prepared under the accrual basis, and historical cost convention, except for the measurement at fair value of financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and investment properties.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

2-3 Functional and presentation currency

The financial statements are prepared and presented in United States Dollar (USD), which is the Reserve's functional and presentation currency. It is the currency that represents the primary economic environment in which the Reserve operates.

2-4 Investment properties

Investment properties include completed, under construction or redeveloped properties that are being held for rental yield or capital appreciation purposes or both. A property is classified as investment property when the definition of investment properties is met. Investment property is measured initially at its cost, including related transaction costs, the carrying amount also includes the cost of replacing part of the investment property at the time the cost was incurred if the evidentiary criteria is met. After initial recognition, investment property is carried at fair value which reflects active market prices at the date of the statement of financial position. Fair value changes are recognised in the statement of profit or loss and other comprehensive income of the incurred period. Fair value is evaluated annually by an independent external valuer by applying a model recommended by the International Valuation Standards Council.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the fair value of the investment property is recognised in the statement of profit or loss and other comprehensive income of the period in which the property is derecognised. Furthermore, a property is transferred from/to investment property when there is change in use. For a transfer from investment property to owner-occupied properties, the subsequent accounting cost is the fair value at the date of change in use. If owner-occupied properties are transferred to investment properties, the Reserve measures the properties based on investment properties policy till the date of change of use. The gain or loss on disposal of investment properties is determined as the difference between the net disposal proceeds and the fair value of the investment property in the financial statements for the entire prior period.

2-5 Financial assets

Financial assets are classified in accordance with IFRS (9) into two categories, those measured at fair value (either through other comprehensive income or through profit or loss), and those measured at amortized cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses incurred are recorded in either the statement of profit or loss, or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. As for investments in equity instruments, this will depend on whether the Reserve's management chose at the time of initial recognition to account for the investment in equity at fair value through other comprehensive income. Investments in debt instruments can only be reclassified when changes in the business model occur. The reclassification is made at the beginning of the reporting period following the change.

At initial recognition, the Reserve measures a financial asset at its fair value plus (in the case of a financial asset not measured at fair value through profit or loss (FVTPL)) transaction costs

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

that are directly attributable to the acquisition of the financial asset. Transaction costs related to financial assets measured at fair value through profit or loss are recognised as expenses in the statement of profit or loss.

Subsequent measurement of financial assets depends on the business model for managing the asset and the contractual terms of the cash flows, as follows:

- Amortised cost: a financial asset is measured at amortised cost if the asset is held to collect contractual cash flows (where those cash flows represent principal payments and income). Gains or losses are recognised in the statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the statement of profit or loss using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): financial assets are measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (where those cash flows represent principal payments and income). Changes in carrying amount are transferred through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses are recognised in the statement of profit or loss. When the financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.
- Fair value through profit or loss (FVPL): financial assets are measured at fair value through profit or loss when they do not meet the criteria of financial assets measured at amortised cost or at fair value through other comprehensive income. Gains or losses on debt investments measured at fair value through profit or loss that are not part of the hedging relationship are included in the statement of profit or loss and presented in net in the profit or loss account under other profit/(loss) in the period in which they arise. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method.

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired or when the assets and all the risks and rewards of ownership rights have been transferred. Assets are assessed on a prospective basis for the expected credit losses associated with debt instrument assets measured at amortised cost and at fair value through other comprehensive income. The Reserve's management recognises such loss allowance at the date of each financial statement.

2-6 Receivables

Receivables are initially recognised at cost, minus the impairment provision. An impairment provision of receivables is recorded when there is objective evidence that the Reserve will not be able to collect all amounts in accordance with the original terms of the receivable.

2-7 Fixed deposits

Fixed deposits carry original maturities ranging from over three months to up to twelve months from the date of inception.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

2-8 Cash and cash equivalent

Cash and cash equivalents comprise of cash on hand, balances with banks and short-term deposits with original maturities of three months or less from the date of inception.

2-9 Accruals and other payables

Accruals and other payables are recognised when services are received, whether billed or not.

2-10 Revenues

Revenues are recorded on the accrual basis, regardless of when it will be collectable, unless collectability is in doubt.

2-11 Government Grant

Government grant is recognised, including non-monetary grants at fair value, only when there is reasonable assurance that the entity will comply with any condition attached to the grant and the grant will be received.

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. A grant relating to assets is presented as deferred income. The grant is recognised as income in the year of receipt if there are no conditions attached and it is an asset with infinite life such as freehold land.

2-12 Expenses

Expenses are recorded on the accrual basis, accrued expenses are recorded during the period incurred regardless of when they will be paid.

2-13 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions in the Reserve's books. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation of monetary items are included in the statement of profit or loss and other comprehensive income. Non-monetary items recorded in foreign currencies are translated using the exchange rates at the dates of the transactions. Non-monetary items recorded at fair value in foreign currencies are translated using the exchange rates at the date of when the fair value was determined.

2-14 New standards, amendments and interpretations

There are no new standards, amendments, or interpretations effective as of 1 January 2024, expected to have a material impact on the financial statements of the Reserve. Additionally, the Reserve has not voluntarily adopted any of the new standards, amendments, or interpretations that are effective for financial periods beginning on 1 January 2025.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

2-15 Going concern of the Reserve

The Reserve's Board of Directors assesses the Reserve's ability to continue as a going concern in accordance with Law No. (28) of 2006 and ensuring that the Reserve has the necessary resources for its future business continuity, by periodically reviewing and evaluating the financial position of the Reserve. Furthermore, the Reserve's liquidity is sufficient to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due in the short and long term. The financial statements have been prepared based on the going concern basis of accounting.

3. Financial assets measured at fair value through other comprehensive income (FVOCI)

(Expressed in United States Dollars)		
	2024	2023
Opening balance at 1 January	11,250,810	11,525,287
Additions	1,900,000	-
Change in fair value of financial assets measured at FVOCI	1,470,644	(274,477)
Closing Balance	14,621,454	11,250,810

The following table compares the cost and fair value of the investment as at 31 December 2024:

(Expressed in United States Dollars)			
	At fair value	At cost	Difference
Private equity	14,621,454	15,188,898	(567,444)
Total	14,621,454	15,188,898	(567,444)

4. Investment properties

The Reserve's investment properties consist of land and building under construction located within the Kingdom of Bahrain. These investment properties are measured at fair value determined by independent accredited valuers.

(Expressed in United States Dollars)		
	2024	2023
Lands	25,705,242	24,843,540
Building under construction	32,923,528	34,584,562
Closing balance	58,628,770	59,428,102

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

The movement in investment properties during the year was as follows:

	(Expressed in United States Dollars)	
	2024	2023
Opening balance at 1 January	59,428,102	52,053,866
Additions	7,647,478	6,597,876
Adjustment to additions	(9,308,512)	-
Government Grant – Royal Grant "Land"	917,763	-
Change in fair value	(56,061)	776,360
Closing balance	58,628,770	59,428,102

The investment properties of the Reserve comprise of a project (referred to as the Future Generation Reserve Tower) which consist of granted freehold land and building under construction that will be utilized for the benefits of the future generations of the Kingdom of Bahrain. The fair value of the project at 31 December 2024 amounted to USD 57,767,068 (2023: USD 59,428,102). The fair value was measured by an external independent valuation expert who has appropriate professional qualification and sufficient experience in the location and category of the property being valued. The fair value was determined based on the residual valuation approach.

In addition, His Majesty, King Hamad Bin Isa Al-Khalifa, the King of the Kingdom of Bahrain granted another freehold land to the Reserve during the year ended 31 December 2024. The land was initially recognised at its fair value which was deemed to be the cost of the land at the time of transfer. Subsequently, the value of the land was remeasured based on the lowest value received from three independent accredited external valuers at the reporting date and after applying a discount for illiquidity of 10%. The fair value of the land at 31 December 2024 amounted to USD 861,702. The fair value was determined based on the comparable and residual valuation approach.

The fair values of the Reserve's investment properties are categorised into level 3 of the fair value hierarchy (2023: level 2).

5. Financial assets measured at fair value through profit or loss (FVPL)

	(Expressed in United States Dollars)	
	2024	2023
Opening balance at 1 January	593,333,042	493,009,299
Additions	143,713,783	123,000,000
Disposals at fair value	(43,325,446)	(77,297,505)
Change in fair value of financial assets measured at FVPL	63,929,927	54,101,072
Realised gains on redemption of financial assets measured at FVPL*	455,836	3,148,983
Reimbursement of management and custody fees	(3,277,521)	(2,628,807)
Closing balance	754,829,621	593,333,042

* Realised gain incurred on the redemption of financial assets measured at FVPL pertains to the gain of the investments during the financial year 2024 only, and they do not reflect the performance of the investment since their inception.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

The following table compares the cost and fair value of each type of investment as at 31 December 2024:

(Expressed in United States Dollars)			
	At fair value	At cost	Difference
Fixed income	304,430,954	243,943,179	60,487,775
Equity	290,813,599	214,985,448	75,828,151
Alternatives	114,281,979	112,564,973	1,717,006
Multi-Asset funds	45,303,089	38,141,306	7,161,783
Total	754,829,621	609,634,906	145,194,715

6. Receivables

(Expressed in United States Dollars)		
	2024	2023
Contribution Receivables	4,598,052	7,848,598
Management, custody fees and other reimbursable expenses by MOFNE	4,628,532	3,387,248
Accrued interest on deposits	219,960	2,094,125
Other receivables	9,369,430	17,018
Prepayments	5,007,370	-
Dividends receivables	169,965	268,359
Total	23,993,309	13,615,348

7. Fixed Deposits

(Expressed in United States Dollars)		
Maturity Period	2024	2023
Over 3 Months to 12 Months	-	66,565,764
Total	-	66,565,764

8. Cash and cash equivalents

(Expressed in United States Dollars)		
Currency	2024	2023
United States Dollars	60,288,997	24,315,613
Great Britain Pounds	74,221	305,211
Bahraini Dinars	11,807,466	83,851
Total	72,170,684	24,704,675

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

9. Accruals and other payables

	(Expressed in United States Dollars)	
	2024	2023
Construction payables	5,740,235	2,797,153
Management & Custody Fees Payable	308,499	264,778
Other payables	204,143	462,524
Total	6,252,877	3,524,455

10. Accumulated Funds

According to Law No. (28) of 2006 and its changes, the Reserve receives a contribution of (One) US dollar deducted from the price of each barrel of crude oil exported outside the Kingdom of Bahrain whose price exceeds (40) US dollars and does not exceed (80) US dollars, provided that this deducted amount increases to become two US dollars if the price of a barrel of crude oil exceeds (80) US dollars and does not exceed (120) US dollars, and the deducted amount increases to become three US dollars if the price of a barrel of crude oil exceeds (120) US dollars. On 18 April, 2022, Law No. (16) of 2022 was issued, specifically amending Article (1) of the aforementioned law. This amendment involved a gradual increase in the amounts deducted from oil revenues, proportionate to the rise in oil prices. On 29 January 2025, the aforementioned Article was further amended in accordance to Law No. 5 of 2025. The new law continues to build upon the basis established by its predecessors. These contributions are considered as equity contributions and are directly recognized in accumulated funds.

11. Dividend and interest income

	(Expressed in United States Dollars)	
	2024	2023
Dividend income on investments	1,182,847	1,492,546
Interest income from cash and deposits	5,341,105	4,655,156
Total	6,523,952	6,147,702

12. Reimbursement of General and administrative expenses by Ministry of Finance and National Economy

As per article (13) of Law No. (25) of 2008 general and administrative expenses incurred by the Reserve are reimbursed by the Ministry of Finance and National Economy (MOFNE). The total reimbursement received from MOFNE for fiscal year ended 31 December 2024 was 7,105,998 USD. The breakdown of the Reserve's expenses for the year are as follows:

	(Expressed in United States Dollars)	
	2024	2023
Management and custody fees	5,792,876	3,982,215
Consulting fees	-	791,799
Staff expenses	821,509	743,588
Other general and administrative expenses	314,073	360,826
Borad of Director's remuneration	154,255	164,894
Auditing fees	23,285	21,915
Total	7,105,998	6,065,237

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

13. Fair value hierarchy

The Reserve uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table sets out the fair value hierarchy of the Reserve's financial assets:

(Expressed in United States Dollars)

	Level 1	Level 3	Total
As at 31 December 2024			
Financial assets measured at FVPL			
Fixed Income	248,939,545	55,491,409	304,430,954
Equity	290,813,599	-	290,813,599
Alternatives	49,694,749	64,587,230	114,281,979
Multi-Asset funds	45,303,089	-	45,303,089
Financial assets measured at FVOCI			
Private Equity	-	14,621,454	14,621,454
As at 31 December 2023			
Financial assets measured at FVPL			
Fixed Income	194,262,515	51,789,520	246,052,035
Equity	187,765,135	-	187,765,135
Alternatives	46,548,679	71,620,157	118,168,836
Multi-Asset funds	41,347,036	-	41,347,036
Financial assets measured at FVOCI			
Private Equity	-	11,250,810	11,250,810

There were no transfers between levels during the years 2024 and 2023.

14. Assets and liabilities and risk management

Assets and liabilities included in the Statement of Financial Position: include financial assets measured at fair value through other comprehensive income, investment properties, financial assets measured at fair value through profit or loss, receivables, fixed deposits, cash and cash equivalent and accruals and other payables. Accounting policies relating to each item are disclosed in the notes associated with each item.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

Interest rate risk is the risk of change in the value of financial instruments as a result of market fluctuations in interest rates. Interest rates on Reserve deposits are calculated at the date of inception, so changes in interest rates correspond to the renewal of deposits upon maturity. Reserve assets and liabilities are not affected by interest rate risks.

Fair value measurement is the amount at which any asset can be exchanged, or any obligation can be settled between two parties who are familiar with the details of the transaction on a commercial basis.

Liquidity risk: is the risk of the Reserve's inability to obtain the funds needed to meet obligations associated with financial assets and liabilities. Liquidity risk can result from Reserve's inability to sell its financial assets at the appropriate speed and at a value close to its fair value. Liquidity risk is managed by ensuring that sufficient cash is available on an ongoing basis to enable the Reserve to meet its future obligations when due.

Foreign exchange risk is the risk of change in the value of assets and financial liabilities as a result of fluctuations in the exchange rate of foreign currencies, and differences resulting from exchange rate changes are recorded in the statement of profits, losses, and other comprehensive income.

15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties in the case of the Reserve are limited to the Ministry of Finance and National Economy. Transactions with the related parties are governed by the applicable laws and decrees.

- a) A summary of the related party transactions with the Ministry of Finance and National Economy are as follows:

	(Expressed United States Dollars)	
	For the year ended 31 December	
	2024	2023
Contributions earned from oil sales (Note 10)	79,016,486	92,378,013
Reimbursement of General and administrative expenses by MOFNE (Note 12)	7,105,998	6,065,237

- b) A summary of the related party balances with the Ministry of Finance and National Economy are as follows:

	(Expressed United States Dollars)	
	As at 31 December	
	2024	2023
Contribution Receivables (Note 6)	4,598,052	7,848,598
Management and custody fees receivables (Reimbursable expenses by MOFNE) (Note 6)	4,628,532	3,387,248

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2024

The Reserve uses the facilities and premises of the Ministry of Finance and National Economy to conduct its operations.

c) Borad of Director's remuneration:

The directors' remunerations during the year ended 31 December 2024 was USD 154,255 (2023: USD 164,894).

16. Financial commitments

Financial commitments represent amounts related to investment and other contracts that have been committed but not fully paid, the reserve's financial commitments are as follows:

(Expressed in United States Dollars)		
	2024	2023
Alternatives	30,327,852	4,476,593
Investment property*	42,572,435	33,079,613
Total	72,900,287	37,556,206

* The major portion of the investment property commitment pertains to the outstanding balance of the construction works of the Future Generation Tower.

17. Comparative Figures

Comparative figures have been reclassified, where necessary, to conform to the presentation adopted in the current year.