INSTITUTE OF BANKING STUDIES

(INDEPENDENT ENTITY FINANCIALLY AND ADMINISTRATIVELY)

(NOT-FOR-PROFIT - ORGANISATION)

FINANCIAL STATEMENTS

31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT
To the Chairman and Board Members of Institute of Banking Studies
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Institute of Banking Studies (the "Institute"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in accumulated surplus and statement of cash flows for the year then ended, 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 Institute 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 Institute in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, 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 matter

The financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion on 11 June 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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.

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 Institute'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 Institute'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 Institute 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.

Report on Other Legal and Regulatory Requirements

The Institute maintains proper books of accounts which are in agreement with the financial statements.

ERNST & YOUNG
Amman - Jordan

Amman - Jordan
7 May 2024

INSTITUTE OF BANKING STUDIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Assets			
Non-current assets -			
Property and equipment	6	475,473	446,568
Intangible assets	7	37,933	41,598
Financial assets at amortized cost	8	2,000,000	2,000,000
Employees' receivables – long-term	9	295,712	262,752
		2,809,118	2,750,918
Current assets -			
Accounts receivable	10	26,015	30,742
Other debit balances	11	81,946	62,505
Employees' receivables – short-term	9	12,324	11,591
Cash on hand and at banks	12	854,688	824,314
		974,973	929,152
Total Assets		3,784,091	3,680,070
Liabilities and Accumulated Surplus			
Accumulated Surplus -			
Accumulated surplus		2,563,857	2,494,796
Total Accumulated Surplus		2,563,857	2,494,796
Liabilities			
Non-current liabilities -			
End of service provision	13	1,102,866	1,040,015
Deferred revenues – long-term	14	29,447	36,243
		1,132,313	1,076,258
Current liabilities -			
Accounts payable	15	49,672	73,945
Deferred revenues – short-term	14	6,796	6,796
Other credit balances	16	31,453	28,275
		87,921	109,016
Total Liabilities		1,220,234	1,185,274
Total Liabilities and Accumulated Surplus		3,784,091	3,680,070

The attached notes from 1 to 22 form part of these financial statements

INSTITUTE OF BANKING STUDIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Revenues	17	1,504,586	1,428,508
Interest income from financial assets at amortized cost		146,490	59,287
Bank interest income		52,094	79,203
Amortization of deferred revenues	14	6,796	6,796
Gain on sale of property and equipment		2,333	24,511
Other income		20,456	12,945
Total revenues		1,732,755	1,611,250
General and administrative expenses	18	(1,469,280)	(1,353,054)
Depreciation of property and equipment	6	(64,034)	(38,766)
Amortization of intangible assets	7	(13,165)	(7,103)
End of service provision	13	(116,015)	(113,825)
Provision for expected credit losses	10	(1,200)	-
Total expenses		(1,663,694)	(1,512,748)
Profit for the year		69,061	98,502
Add: other comprehensive income items		-	-
Total comprehensive income for the year		69,061	98,502

The attached notes from 1 to 22 form part of these financial statements

INSTITUTE OF BANKING STUDIES
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Accumulated surplus	Total
	JD	JD
For the year ended 31 December 2023		
Balance as at 1 January	2,494,796	2,494,796
Total comprehensive income for the year	69,061	69,061
Balance as at 31 December	2,563,857	2,563,857
For the year ended 31 December 2022		
Balance as at 1 January	2,396,294	2,396,294
Total comprehensive income for the year	98,502	98,502
Balance as at 31 December	2,494,796	2,494,796

The attached notes from 1 to 22 form part of these financial statements

INSTITUTE OF BANKING STUDIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Operating activities			
Profit for the year		69,061	98,502
Adjustments -			
Depreciation of property and equipment	6	64,034	38,766
Amortization of intangible assets	7	13,165	7,103
End of service provision	13	116,015	113,825
Gain on sale of property and equipment		(2,333)	(24,511)
Bank interest income		(52,094)	(79,203)
Interest income from financial assets at amortized cost		(146,490)	(59,287)
Provision for expected credit losses		1,200	-
Amortization of deferred revenues	14	(6,796)	(6,796)
Working capital changes:			
Accounts receivable		3,527	(2,456)
Other debit balances		(19,441)	(725)
Employees' receivables		(33,693)	(47,280)
Accounts payable		(24,273)	7,868
Other credit balances		3,178	(8,113)
Paid from end of service provision	13	(53,164)	(108,359)
Net cash flows used in operating activities		(68,104)	(70,666)
Investing activities			
Deposit at bank mature in six months		22,703	(745,138)
Purchase of property and equipment	6	(92,939)	(130,728)
Purchase of intangible assets	7	(9,500)	-
Bank interest income collected		52,094	79,203
Proceeds from interest income from financial assets at amortized cost		146,490	59,287
Proceeds from sale of property and equipment		2,333	25,326
Proceeds from the maturity of financial assets at amortized cost		-	1,200,000
Purchase of financial assets at amortized cost		-	(2,000,000)
Projects under construction		-	(36,525)
Net cash flows from (used in) investing activities		121,181	(1,548,575)
Net increase (decrease) in cash and cash equivalents		53,077	(1,619,241)
Cash and cash equivalents at the beginning of the year		79,176	1,698,417
Cash and cash equivalents at the end of the year	12	132,253	79,176

The attached notes from 1 to 22 form part of these financial statements

(1) GENERAL

The Institute of Banking Studies was established by the Central Bank of Jordan together with licensed banks and specialized credit institutions in accorandce with Article (37) D of the Central Bank of Jordan Law No. (23) of 1971 and its amendments, and under Regulation No. (2) of 2015 issued by the Prime Ministry which replaced the Institute's previous Law No. (69) of 1970 and its amendments.

The address of the Institute is Amman - The Hashemite Kingdom of Jordan. P.O. Box 1378 Amman 11953.

The Institute aims to increase the knowledge of workers in the banking and financial sectors and raise their efficiency through holding training courses and scientific seminars and implementing scientific and training programs in cooperation with higher education institutions along with Arab and international banking and financial institutes.

The financial statements were approved by the Board of Directors on 23 April 2024.

(2) BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

The financial statements are prepared on a historical cost convention.

The financial statements are presented in Jordanian Dinars (“JD”) which is the functional currency of the Institute.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable for the Institute.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Institute's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Institute's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Institute's financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD’s BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Institute’s financial statements as the Institute is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

(4) MATERIAL ACCOUNTING POLICY INFORMATION

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and impairment allowance, if any. Property and equipment (excluding land) are depreciated when they are ready for use by straight-line method over their expected useful life and at annual rates as follows:

	%
Buildings and improvements	4-10
Furniture and equipment	20
Vehicles	20
Machinery and computers	10-40

When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to recoverable value and the impairment value is recorded in the statement of comprehensive income.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from items of property and equipment.

Gains or losses on asset disposal (calculated on the basis of the difference between cash receipts and the book value of the excluded asset) are recognized in the statement of comprehensive income upon disposal of the asset.

Intangible assets
Intangible assets acquired separately are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the expected useful life and it is subjected to impairment whenever there is an indication that the intangible asset is value decreased. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. The amortization expense is recognised for the intangible assets with finite lives in the statement of profit or loss as part of the expenses. The intangible assets with finite lives are amortized over a useful life of 5 years.

Accounts Receivable
Accounts receivable are shown at the value that the Institute expects to achieve for the provision of services provided after deducting provisions for estimated amounts not collected and provisions for expected credit losses. The Institute applies the simplified method for calculating expected credit losses of receivables. In this method, the Institute does not track changes in customers' credit risk but calculates the provision for expected credit losses over the life of the receivables on the financial statements.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and bank balances that have original maturities of three months or less so that it does not include the risk of change in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank deposits with maturity of more than 3 months.

Financial assets at amortized cost
They are the financial assets that the Institute's management aims to maintain according to its business model to collect contractual cash flows, which are represented by payments of principal and interest on the outstanding debt balance.

Financial assets are recorded at cost upon purchase plus acquisition expenses, the premium/ discount (if any) is amortized by using the effective interest rate method records on the interest or for its account. Any provisions resulted from impairment in its value is deducted and any impairment in its value is recorded in the statement of profit or loss.

The amount of impairment in the value of financial assets at amortized cost represents the expected credit loss of financial assets at amortized cost.
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No financial assets may be reclassified from/to this item except in the cases specified in IFRS (in the event that any such asset is sold before its maturity date, the result of the sale shall be recorded in the statement of profit or loss in a separate item and disclosed in accordance with the requirements of IFRS in particular).

Trade payables and other credit balances
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognized when the Institute has an obligation (legal or actual) as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

End of service provision
By virtue of the decision of the Board of Directors held on 27 April 2011, the balance of the end-of-service indemnity fund for the users and employees of the Institute, which was established in the year 2000 as a separate fund to the balances of the Institute to appear in the financial statements as at 31 December 2010, and the provision for end of service indemnity for employees is recognized within the financial statements of the Institute in accordance with International Financial Reporting Standards so that this provision appears as a liability as at the date of the financial statements, taking into account that the accumulated profits from interest are recorded on the deposit for the end of service indemnity fund before 31 January 2010 within the amount calculated as an end of service indemnity allowance for members included in the provision.

Revenue and expense recognition
Revenue is recorded in accordance with the 5-step method of the International Financial Reporting Standard No. (15) which includes determining the contract and price, determining the performance obligation in the contract and recognizing revenues based on the performance of the performance obligation.

Income from banks and financial institutions contributions
The amount of the contribution of the Central Bank of Jordan, licensed banks, financial institutions and companies to the expenses of the Institute is represented in accordance with Article 9 of the Institute's statute as follows:

a) The Central Bank, licensed banks, financial institutions and companies contribute to the expenses of the Institute specified in its annual budget after calculating its internal revenues, and the percentage of this contribution shall be as follows:

	%
Central Bank of Jordan	40
Licensed banks	55
Financial institutions and companies determined by the Board	5

b) The percentage of the licensed banks' contribution to the Institute's expenses stipulated in paragraph (a) above shall be distributed equally among the licensed banks.

c) The Board shall determine the amount of the contribution of financial institutions and companies in the percentage stipulated in paragraph (a).

d) The Board may decide what it deems appropriate regarding financial surpluses in the percentage exceeding the percentage of the contribution of banks, institutions and financial companies in the expenses of the Institute.

Revenues from training courses
This revenue is recognized when the service is provided and invoiced to customers, which is usually done at a certain point in time.

Master's program revenues
The Institute recognizes the amount expected to be due from the provision of services over time and according to the input method.

Donations
The income of donations and grants is recognized when collected through the comprehensive income statement or recorded as deferred income through the statement of financial position at the desire of the donor.

Interest income is recognized when accrued using the effective interest method.

Expenses are recognized on an accrual basis.

Foreign currencies
Transactions in foreign currencies are recorded at the spot rate at the date of the transaction. Financial assets and liabilities denominated in foreign currencies are transferred at the spot rate of exchange at the date of statement of financial positions. Profits and losses resulted from foreign currency translation are recorded in the statement of comprehensive income.

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability in the principal market for the asset or liability. In the absence of a principal market, in the most advantageous market for the asset or liability is used. The principal or the most advantageous market must be accessible to the Institute.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Institute uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Institute determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Institute has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Impairment of financial assets

The Institute recognizes an allowance for ECLs for all debt instruments not held at fair value through the statement of comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Institute expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if present).

The Institute has established a provision calculation that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment in accordance with the simplified approach to calculating credit losses in accordance with International Financial Reporting Standard (9).

Impairment of non- financial assets

The Institute assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Institute estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are fixed by valuation multiples of traded subsidiaries' share prices or other available fair value indices.

Classification of current versus non-current

The Institute presents assets and liabilities in the financial statements based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period. or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A current liability is when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

(5) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and, in particular, require management of the Institute to make important judgments to estimate the amounts and timing of future cash flows resulting from the future conditions and circumstances of such estimates. These estimates are based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

- The provision for expected credit losses on receivables is reviewed according to the simplified method and within the principles and assumptions approved by the Institute's management to estimate the provision to be formed in accordance with the requirements of International Financial Reporting Standards.

- Management estimates the useful lives of tangible and intangible assets in order to calculate the depreciation and amortization depending on the expected useful life of such assets. Moreover, Management annually re-assesses the useful lives of tangible and intangible assets. Future depreciation charges would be adjusted if management assesses that the remaining useful life of these assets differs from previous estimates.

(6) Property and Equipment

	Land	Buildings and improvements	Furniture and equipment	Vehicles	Machinery and computers	Total
2023 -	JD	JD	JD	JD	JD	JD
Cost:						
As at 1 January	217,593	2,094,512	167,140	70,986	591,213	3,141,444
Additions	-	31,125	21,386	-	40,428	92,939
Disposals	-	-	(24,689)	-	-	(24,689)
As at 31 December	217,593	2,125,637	163,837	70,986	631,641	3,209,694
Accumulated depreciation:						
As at 1 January	-	2,043,390	125,876	17,360	508,250	2,694,876
Depreciation for the year	-	5,866	10,192	11,700	36,276	64,034
Disposals	-	-	(24,689)	-	-	(24,689)
As at 31 December	-	2,049,256	111,379	29,060	544,526	2,734,221
Net book value as at 31 December 2023	217,593	76,381	52,458	41,926	87,115	475,473

	Land	Buildings and improvements	Furniture and equipments	Vehicles	Machinery and computers	Total
	JD	JD	JD	JD	JD	JD
2022 -						
Cost:						
As at 1 January	217,593	2,097,370	194,243	34,861	602,020	3,146,087
Additions	-	-	43,239	58,500	28,989	130,728
Disposals	-	(2,858)	(70,342)	(22,375)	(39,796)	(135,371)
As at 31 December	217,593	2,094,512	167,140	70,986	591,213	3,141,444
Accumulated depreciation:						
As at 1 January	-	2,040,387	192,210	34,860	523,209	2,790,666
Depreciation for the year	-	5,046	4,008	4,875	24,837	38,766
Disposals	-	(2,043)	(70,342)	(22,375)	(39,796)	(134,556)
As at 31 December	-	2,043,390	125,876	17,360	508,250	2,694,876
Net book value as at 31 December 2022	217,593	51,122	41,264	53,626	82,963	446,568

- The cost of fully depreciated property and equipment as at 31 December 2023 amounted to JD 2,588,951 (2022: JD 2,577,065).

(7) Intangible Assets

	Electronic platform	Total
2023 -	JD	JD
Cost:		
As at 1 January	78,860	78,860
Additions	9,500	9,500
As at 31 December	88,360	88,360
Accumulated amortization:		
As at 1 January	37,262	37,262
Amortization	13,165	13,165
As at 31 December	50,427	50,427
Net book value as at 31 December 2023	37,933	37,933
2022 -		
Cost:		
As at 1 January	30,160	30,160
Transfer from projects under construction	48,700	48,700
As at 31 December	78,860	78,860
Accumulated amortization:		
As at 1 January	30,159	30,159
Amortization	7,103	7,103
As at 31 December	37,262	37,262
Net book value as at 31 December 2022	41,598	41,598

(8) Financial Assets at Amortized Cost

	2023	2022
	JD	JD
Financial assets for which market prices are not readily available:		
Treasury Bonds – Government of the Hashemite Kingdom of Jordan	2,000,000	2,000,000
	2,000,000	2,000,000

- The annual interest rate on the bonds amounted to 7.3% during the years 2023 and 2022 and these bonds mature during 2032.

(9) Employees' Receivables

This item represents advances granted to staff under the principles of granting advances from the end of service provision to the Institute's staff. The details of employees' receivables are as follows:

	2023	2022
	JD	JD
Employees' receivables – short-term	12,324	11,591
Employees' receivables – long-term	295,712	262,752
	308,036	274,343

(10) Accounts Receivable

	2023	2022
	JD	JD
Trade receivables	27,215	30,742
Provision for expected credit losses*	(1,200)	-
	26,015	30,742

* Movements on the provision for expected credit losses during the year were as follows:

	2023	2022
	JD	JD
Balance at 1 January	-	-
Provision for the year	1,200	-
Balance at 31 December	1,200	-

As at 31 December, the aging analysis of trade receivables was as follows:

	1 – 30 days	31 – 90 days	91 – 180 days	181 – 364 days	More than 365 days	Total
	JD	JD	JD	JD	JD	JD
2023	10,631	7,149	7,435	800	-	26,015
2022	22,302	6,493	1,672	275	-	30,742

(11) Other Debit Balances

	2023	2022
	JD	JD
Accrued revenues	53,509	50,741
Prepaid expenses	18,070	8,839
Refundable cash deposits	300	300
Other debit balances	10,067	2,625
	81,946	62,505

(12) Cash on Hand and at Banks

	2023	2022
	JD	JD
Cash on hand	231	528
Cash at banks*	854,457	823,786
	854,688	824,314

Cash and cash equivalents in the statement of cash flows consist of the following:

	2023	2022
	JD	JD
Cash on hand and at banks	854,688	824,314
Short-term deposit matures within six months	(722,435)	(745,138)
	132,253	79,176

* This item includes a six-month deposit at an annual interest rate of 6.5% as at 31 December 2023 (31 December 2022: 6%).

(13) End of Service Provision

The movement on the end of service provision during the year is as follows:

	2023	2022
	JD	JD
Beginning balance	1,040,015	1,034,549
Provision for the year	116,015	113,825
Paid from the provision	(53,164)	(108,359)
Ending balance	1,102,866	1,040,015

(14) Deferred Revenues

The movement on the deferred revenues during the year is as follows:

	2023	2022
	JD	JD
Beginning balance	43,039	49,835
Amortization of revenues for the year	(6,796)	(6,796)
Ending balance	36,243	43,039

The details of the deferred revenues is as follows:

	2023	2022
	JD	JD
Deferred revenues – short-term	6,796	6,796
Deferred revenues – long-term	29,447	36,243
	36,243	43,039

(15) Accounts Payable

	2023	2022
	JD	JD
Suppliers' payables	43,712	67,090
Lecturers' payables	5,960	6,855
	49,672	73,945

(16) Other Credit Balances

	2023	2022
	JD	JD
Accrued expenses	11,886	6,694
Social Security Corporation payables	7,607	7,311
Unearned revenues	6,433	7,688
Master's program payables to the University of Jordan	4,578	6,255
Ministry of Finance payables	445	327
Other credit balances	504	-
	31,453	28,275

(17) Revenues

	2023	2022
	JD	JD
Banks and financial institutions' contribution	754,478	763,647
Training courses revenues	692,232	590,694
Master's program revenues	57,876	74,167
	1,504,586	1,428,508

(18) General and administrative expenses

	2023	2022
	JD	JD
Salaries and wages	547,363	550,495
Training courses' expenses	481,958	371,682
Medical treatments	87,141	82,248
Institute contribution in social security	61,534	59,978
Master's program expenses	51,848	62,061
Institute contribution in saving fund	38,889	37,937
Board of directors members' transportation allowance	29,560	29,154
Building maintenance and cleaning	28,853	43,786
Machinery and software maintenance	21,222	21,770
Professional fees	20,035	19,173
Modernization committee expenses	17,911	3,000
Supplies and stationery	17,362	15,974
Official visits and missions	13,060	11,141
Life and job accident insurance expenses	10,337	9,190
Post, telephone, fax and internet	10,316	8,987
Water, electricity and fuel	9,182	4,427
Vehicle expenses	5,403	7,079
Hospitality expenses	4,778	3,367
Building garden expenses	2,292	1,611
Building insurance fees	1,019	1,019
Books and publications	1,837	309
Newspapers and magazines subscriptions	425	175
Others	6,955	8,491
	1,469,280	1,353,054

(19) Related Parties Transactions

Related parties represent the Central Bank, top management and members of the board of directors. Prices and conditions related to these transactions are approved by management.

The following is a summary of related parties balances in the statement of financial position:

	2023	2022
	JD	JD
Financial assets at amortized cost	2,000,000	2,000,000
Bank accounts with the Central Bank	125,794	76,897
End of service provision for top management	157,358	140,455

The following is a summary of related parties' transactions in the statement of comprehensive income.

Statement of comprehensive income items

	2023	2022
	JD	JD
Central Bank's contribution in revenues	278,199	287,374
Salaries and benefits of top management	77,925	75,292
Board of Directors transportation allowance	29,560	29,154
End of service provision for top management	16,903	17,458

(20) Income and Sales Tax

The institute is exempt from income tax as it is a non-profit organization in accordance to Article (4) of Income Tax Law No (34) for the year 2014 and its amendments, and the institute is exempt from general sales tax since its education and training services are exempted from sales tax under schedule (3) attached to General Sales Tax Law No (6) for the year 1994 and its amendments.

(21) Risk Management

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Institute is exposed to interest rate risk on its assets and liabilities that carry a variable interest rate such as deposits.

The statement of comprehensive income sensitivity is represented by the impact of the potential assumed changes in interest rates on the Institute's profit for one year, which is calculated on the financial assets and liabilities that have a variable interest rate as at 31 December.

The following table summarizes the sensitivity analysis for the changes in the interest rates as of 31 December with all other variables held constant:

2023 -	Increase in interest rate	Effect on profit for the year
Currency	%	JD
JD	1	7,224

2022 -	Increase in interest rate	Effect on profit for the year
Currency	%	JD
JD	1	7,451

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Institute seeks to limit its credit risk with respect to customers by setting credit limits for customers and monitoring outstanding receivables and with respect to banks by only dealing with reputable banks, The institute believes that it is not highly exposed to credit risks.

Liquidity risk
Liquidity risk is represented by the possibility that the Institute may not be able to meet its liabilities when due.

The Institute limits its liquidity risk by ensuring sufficient liquidity is available.

Management of the Institute believes that it maintains the liquidity required to meet its obligations when they fall due for at least one year from the date of the financial statements.

The table below summarizes the maturities of the Institute's financial liabilities (undiscounted) as at 31 December 2023 and 2022, based on contractual payment dates and current market interest rates.

	Less than one year	More than one year	Total
31 December 2023 -	JD	JD	JD
End of service provision	-	1,102,866	1,102,866
Accounts payable	49,672	-	49,672
Other credit balances	25,020	-	25,020
	74,692	1,102,866	1,177,558

	Less than one year	More than one year	Total
31 December 2022 -	JD	JD	JD
End of service provision	-	1,040,015	1,040,015
Accounts payable	73,945	-	73,945
Other credit balances	20,587	-	20,587
	94,532	1,040,015	1,134,547

Currency risk

Foreign currency risk is the risk arising from the change in the foreign currency prices.

The majority of the Institute's transactions are in Jordanian Dinars. Accordingly, there is no significant currency risk on the financial statements.

(22) 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 Institute's financial statements are disclosed below. The Institute 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 Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Institute's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The Institute is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Institute's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Institute's financial statements.