

INSTITUTE OF BANKING STUDIES
(AN INDEPENDENT FINANCIAL AND ADMINISTRATIVE ENTITY)
(NOT-FOR-PROFIT ORGANISATION)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

INSTITUTE OF BANKING STUDIES
(AN INDEPENDENT FINANCIAL AND ADMINISTRATIVE ENTITY)
(NOT-FOR-PROFIT ORGANISATION)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2021

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Independent Auditor's Report

AM/007516

H.E. Chairman and Members of the Board of Directors
Institute of Banking Studies
An Independent Financial and Administrative entity
Not-for-profit Organization
Amman – The Hashemite Kingdom of Jordan

Opinion

We have audited the financial statements of the Institute of Banking Studies (an independent financial and administrative entity), which comprise of the statement of financial position as of December 31, 2021, and the statement of profit or loss and comprehensive income, statement of changes in accumulated surplus, and statement of cash flows for the year then ended, and notes about financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute of Banking Studies (an independent financial and administrative entity) as of December 31, 2021, 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' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Institute in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The accompanying financial statements are a translation of the financial statements in the Arabic language to which reference is to be made.

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

The Institute's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 ISA's, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 Legal and Other Regulatory Requirements

The Institute maintains proper accounting records duly organized and in line with the accompanying financial statements, and we recommend approval thereon.

Amman – The Hashemite Kingdom of Jordan
June 22, 2022

Deloitte & Touche (M.E.) – Jordan
ديلويت أند توتش (الشرق الأوسط)
010103

INSTITUTE OF BANKING STUDIES
(AN INDEPENDENT FINANCIAL AND ADMINISTRATIVE ENTITY)
(NOT-FOR-PROFIT ORGANISATION)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF FINANCIAL POSITION

	Note	December 31,	
		2021	2020
<u>Assets</u>		JD	JD
<u>Current Assets:</u>			
Cash on hand and at banks	5	1,711,538	1,551,101
Accounts receivable - net	6	28,286	13,191
Employees receivable - short-term	7	9,180	9,132
Other debit balances	8	61,779	51,285
Financial assets at amortized cost - short term	9	1,200,000	-
Total Current Assets		<u>3,010,783</u>	<u>1,624,709</u>
<u>Non-Current Assets:</u>			
Financial assets at amortized cost - long term	9	-	1,200,000
Property and equipment - net	10	355,421	351,740
Intangible assets - net	11	1	1
Projects Under Construction	12	12,175	-
Employees receivable - long-term	7	217,883	220,349
Total Non-Current Assets		<u>585,480</u>	<u>1,772,090</u>
TOTAL ASSETS		<u>3,596,263</u>	<u>3,396,799</u>
<u>Liabilities</u>			
<u>Current Liabilities:</u>			
Due to banks	13	13,121	-
Accounts payable	14	66,076	101,031
Deferred revenue - short term	17	6,796	6,796
Other credit balances	16	36,388	19,436
Total Current Liabilities		<u>122,381</u>	<u>127,263</u>
<u>Non-Current Liabilities:</u>			
Provision for end-of-service indemnity	15	1,034,549	898,973
Deferred revenue - long-term	17	43,039	49,835
Total Non-Current Liabilities		<u>1,077,588</u>	<u>948,808</u>
TOTAL LIABILITIES		<u>1,199,969</u>	<u>1,076,071</u>
<u>Accumulated Surplus</u>			
Accumulated surplus		<u>2,396,294</u>	<u>2,320,728</u>
TOTAL LIABILITIES AND ACCUMULATED SURPLUS		<u>3,596,263</u>	<u>3,396,799</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM, AND WITH THE ATTACHED AUDITOR REPORT.

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AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	<u>Note</u>	<u>For the Year Ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
		JD	JD
Revenue	18	1,444,773	1,321,888
<u>Less: General and administrative expenses</u>	19	<u>(1,369,207)</u>	<u>(1,271,749)</u>
Profit for the Year / Total Comprehensive Income for the Year		<u>75,566</u>	<u>50,139</u>

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STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

	<u>Accumulated Surplus</u>	<u>Total</u>
	JD	JD
<u>For the Year Ended December 31, 2021</u>		
Balance - beginning of the year	2,320,728	2,320,728
Total comprehensive income for the year	<u>75,566</u>	<u>75,566</u>
Balance - End of the Year	<u><u>2,396,294</u></u>	<u><u>2,396,294</u></u>
 <u>For the Year Ended December 31, 2020</u>		
Balance - beginning of the year	2,270,589	2,270,589
Total comprehensive Income for the year	<u>50,139</u>	<u>50,139</u>
Balance - End of the Year	<u><u>2,320,728</u></u>	<u><u>2,320,728</u></u>

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STATEMENT OF CASH FLOWS

	Note	For the Year Ended	
		December 31,	
		2021	2020
Cash Flows from Operating Activities:		JD	JD
Profit for the year		75,566	50,139
Adjustments:			
Depreciation of Property and equipment	10	28,313	40,977
Provision for end-of-service indemnity	15	136,576	91,832
(Amortization) of deferred revenue	17	(6,796)	(11,130)
Cash Flows from Operating Activities before Changes in Working Capital		233,659	171,818
(Increase) decrease in accounts receivable		(15,095)	4,425
(Increase) decrease in other debit balances		(10,494)	6,805
Decrease (increase) in employees receivable		2,418	(68,164)
(Decrease) increase in accounts payable		(34,955)	56,317
Increase in other credit balances		16,952	1,025
Net Cash Flows from Operating Activities before payments from end-of-service provision		192,485	172,226
Payments from end-of-service indemnity provision	15	(1,000)	-
Net Cash Flows from Operating Activities		191,485	172,226
Cash Flows from Investing Activities:			
(Increase) in projects under construction	12	(12,175)	-
(Purchase) of property and equipment	10	(31,994)	(19,092)
Net Cash Flows (Used In) Investing Activities		(44,169)	(19,092)
Cash Flows from Financing Activities:			
Increase in due to bank	13	13,121	-
Net Cash Flows from Financing Activities		13,121	-
Net increase in cash		160,437	153,134
Cash and cash equivalent - beginning of the year		1,551,101	1,397,967
Cash and Cash Equivalent - End of the Year	5	1,711,538	1,551,101

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NOTES TO THE FINANCIAL STATEMENTS

1. General

- a. The Institute of Banking Studies with headquarters in Amman – The Hashemite Kingdom of Jordan, P.O. Box 1378 Amman 11953, was established by the Central Bank of Jordan together with the licensed banks and specialized credit institutions in accordance with Article No. (37d) of the Central Bank of Jordan Law No. (23) for the year 1971 and its amendments, and under Law No. (2) for the year 2015, issued by the Cabinet of Ministers, which replaced the Institute's former Law No. (69) for the year 1970 and its amendments.
- b. The Institute aims to increase the knowledge of workers in the banking and financial sectors, as well as to raise their efficiency through holding training courses and scientific seminars in cooperation with the higher education institutions, as well as Arab and international banking and financial institutions.
- c. The financial statements were approved by the Board of Directors on June 15, 2022.

2. Significant Accounting Policies

Basis of Preparation

- The financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Standards Committee issued by the International Standards Board.
 - The accompanying financial statements are presented in Jordanian Dinar, which is the functional currency of the Institute.
 - The financial statements are prepared using the historical cost principle, except for financial assets and financial liabilities stated at fair value as of the date of the financial statements.
 - The accounting policies adopted for the year are consistent with those applied in the financial statements for the year ended December 31, 2020, except for what is mentioned in note (3-a). The following are the significant accounting policies:
- a. Debt Instruments at Amortized Cost or at Fair Value Through Comprehensive Income

The Institute assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Institute's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at fair value through comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of (SPPI) test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Assessment of Business Models

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Institute determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Institute's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Institute follows more than one business model for managing its financial instruments, and determines how to manage its financial assets in order to generate cash flows. The Institute's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

The Institute considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Institute does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Institute takes into account all relevant evidence available such as:

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets or generating cash flows through selling assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Institute determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Institute reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

When a debt instrument measured at fair value through comprehensive income is derecognized, the cumulative gain/loss previously recognized in comprehensive income is reclassified from accumulated surplus to the statement of profit or loss. In contrast, for an equity investment designated as measured at fair value through comprehensive income, the cumulative gain/loss previously recognized in comprehensive income is not subsequently reclassified to statement of profit or loss but transferred within accumulated surplus.

Debt instruments that are subsequently measured at amortized cost or at fair value through comprehensive income are subject to impairment.

Reclassifications

If the business model under which the Institute holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the institute's financial assets. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

Impairment

The Institute recognizes expected credit losses on the following financial instruments that are not measured at fair value through the statement of profit or loss:

- Account receivable, deposits at banks and financial institution.
- Accounts Receivable.
- Financial Assets at Amortized Costs.

No impairment loss has been recognized in equity instruments.

The Institute calculates the effect of impairment on financial statements using the simplified approach.

Definition of Default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs.

Impairment of Financial Assets

The Institute recognizes a loss allowance for expected credit losses (ECL) on accounts receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Institute always recognizes lifetime expected credit loss for accounts receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Institute's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Institute recognizes lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Provision for expected credit loss

The Institute has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired accounts receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as a the present value of the difference between the cash flows due to the Institute under the contract and the cash flows that the Institute expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified, the Institute assesses whether this modification results in derecognition. In accordance with the Institute's policy, a modification results in derecognition when it gives rise to substantially different terms.

In the case where the financial asset is derecognized, the loss allowance for ECL is re-measured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the modification does not result in derecognition, the Institute determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- The remaining lifetime PD at the reporting date based on the modified terms.

Where a modification does not lead to derecognition, the Institute calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Institute measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of Financial Assets

The Institute derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Institute neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Institute recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Institute retains substantially all the risks and rewards of ownership of a transferred financial asset, the Institute continues to recognize the financial asset.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of profit or loss.

Write Off

The Institute writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recover, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivables, when the amounts are past due for a long time, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Institute's recovery procedures, taking into legal advice where appropriate. Any recoveries made are recognized in statement of income.

b. Property and Equipment

- Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses, and are depreciated (except for land) when ready for use over their useful lives, using the straight-line method at the following annual depreciation rates:

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

- When the recoverable amount of any property and equipment is less than its carrying amount, the carrying amount of the property and equipment is reduced to the recoverable amount, and any impairment loss is taken to the statement of profit or loss.
- The useful lives of the property and equipment are reviewed at the end of every year. In case the expected useful life is different from what was determined before, the change in estimates is recorded in the statement of profit or loss in the following years, being a change in estimates.
- Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use or disposal.

c. Intangible Assets

- Intangible assets with a definite lifetime are stated at cost and classified according to their estimated definite or indefinite lives. Intangible assets with definite useful lives are amortized over the life of the asset, and the impairment is recorded in the statement of profit or loss using the straight-line method.
- Indications of impairment in the value of intangible assets are reviewed at the date of the financial statements. Moreover, their useful lives are reassessed and adjustments are recorded in the subsequent periods in the statement of profit or loss.
- Intangible assets arising from the business activities of the Institute are not capitalized but recorded in the statement of profit or loss for the same period.
- Computer softwares are amortized depending on their estimated useful life, using the straight-line method at an annual rate of 33%.

d. Revenue Recognition

- Contributions of banks and specialized credit institutions are considered to be earned revenue when approved by the concerned parties.
- Interest on deposits at banks is recorded on an accrual basis.
- The credit hours and registration fees of the Master's Degree Program are recorded on the accrual basis.
- The training courses and seminars fees are recorded on the accrual basis.

e. Contributions to the Provident Fund

The Institute's participation in the employees' provident fund is recorded in the statement of profit or loss at 10% from the employee's gross salary, according to the Employees' Regulations of the Institute of Banking Studies.

f. Contributions to the End-for-Service Indemnity

The end-of-service indemnity expense is recorded in the statement of income at the end of each year. Furthermore, annual compensations paid for employees whose services have ended are recorded in the end-of-service indemnity provision account.

g. Provisions

Provisions are recognized when the Institute has obligations (legal or implicit) at the date of the statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

h. Deferred Revenue

Donated capital assets are recorded as deferred revenue and are shown in the statement of financial position. Moreover, deferred revenue is amortized in proportion to the annual depreciation amount of these assets, and amortization of the deferred revenue is recorded in the statement of profit or loss.

i. Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position when there are binding legal rights to offset the recognized amounts, the Institute intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

j. Foreign Currency Transactions

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the transaction date. Financial assets and financial liabilities balances denominated in foreign currencies are translated to Jordanian Dinar in the accompanying financial statements according to the prevailing exchange rates at the end of the financial year. Currency exchange differences arising from translation are recorded in the statement of profit or loss.

k. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances at banks and financial institutions maturing within three months, less balances maturing after three months.

3. Adoption of new and revised Standards

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Interest Rate Benchmark Reform

In the prior year, the Institute adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Institute adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk-free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

There was no material impact on the amounts and disclosures reported in the financial statements for any of the first and second phase amendments as the Institute's financial instruments are not linked to the interbank borrowing rate (IBOR).

COVID-19-Related Rent Concessions beyond June 30, 2021 - Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements as the Institute did not have any leases impacted by the amendment.

b. Standards issued but not effective

At the date of authorization of these financial statements, the Institute has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective date</u>
<p>IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17) IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p>	<p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p>

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date is yet to be set. Earlier application is permitted.

New and revised IFRSs	Effective date
<p>Amendments to IAS 1 – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p>	<p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.</p>
<p>The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p>	
<p>Amendments to IFRS 3 – Reference to the Conceptual Framework The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p>	<p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references.</p>
<p>Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</p>	
<p>Amendments to IAS 16 – Property, Plant and Equipment— Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.</p>	<p>January 1, 2022, with early application permitted.</p>
<p>The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.</p>	
<p>If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.</p>	
<p>The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.</p>	
<p>The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.</p>	

New and revised IFRSs	Effective date
<p>Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract</p> <p>The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p>	<p>January 1, 2022, with early application permitted.</p>
<p>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p>	
<p>IFRS 1 First-time Adoption of International Financial Reporting Standards</p> <p>The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).</p>	<p>January 1, 2022, with early application permitted.</p>
<p>IFRS 9 Financial Instruments</p> <p>The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.</p>	<p>The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.</p>
<p>The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</p>	
<p>IFRS 16 Leases</p> <p>The amendment removes the illustration of the reimbursement of leasehold improvements.</p>	<p>As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.</p>

New and revised IFRSs

Effective date

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

January 1, 2022, with early application permitted.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

January 1, 2023, with earlier application permitted and are applied prospectively.

The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

January 1, 2023, with earlier application permitted

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

New and revised IFRSs	Effective date
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.	January 1, 2023, with earlier application permitted

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply 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 an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Institute's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Institute in the period of initial application.

4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions in general and expected credit losses. In particular, the Institute's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the financial statements are reasonable. The key estimates used by management in applying the Institute's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Useful life of tangible assets and intangible assets

The management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of profit or loss for the year.

Income tax

The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Institute's legal counsel that identifies potential risks in the future and periodically reviews the study.

Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the statement of profit or loss for the year.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Institute uses available observable market data. In case of the absence of level (1) inputs, the Institute conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life time of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Institute uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect the calculation of ECL.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Institute's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

5. Cash on Hand and at Bank

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Cash on hand	764	283
Current account - Central Bank of Jordan	-	2,995
Notice account - Central Bank of Jordan	20,943	121,943
Current account - Societe Generale Bank	148	-
Term deposits*	1,689,683	1,425,880
	<u>1,711,538</u>	<u>1,551,101</u>

* Term deposits mature within a period of three months, and amounted to JD 1,689,683 as of December 31, 2021. The annual interest rate on these deposits was 4.43% during the year 2021 (4.38% annually during the year 2020).

6. Accounts Receivable – Net

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Accounts receivable	28,286	13,191
	<u>28,286</u>	<u>13,191</u>

- The following table shows the aging of accounts receivable as of the financial statements date:

	December 31,	
	2021	2020
	JD	JD
1 – 30 days	8,366	4,638
31 – 60 days	17,220	4,550
61 – 365 days	2,700	4,003
	<u>28,286</u>	<u>13,191</u>

7. Employees Receivable

- In accordance with its decision on January 19, 2014 and amendments thereto on December 25, 2017 and January 16, 2020, the Board decided to approve granting advances from the end-of-service indemnity provisions to the Institute's employees under the following conditions:
 - The employee should have worked for not less than 10 years upon applying for the advanced payment.
 - The applicant should have had no disciplinary penalties imposed on him during the last 2 years.
 - The applicant's performance should not have been evaluated for the last year as "needs improvement" or "weak".
- The advance is granted by a decision of the director of the institute based on the recommendation of the assistant director for financial and administrative affairs, and it is permissible to grant the employee a second advance after a period of not less than two years has passed since he was granted the first advance and a third advance after a period of not less than two years has passed since he was granted the second advance.
- The applicant must submit one of these guarantees:
 - A duly certified advance payment guarantee covering the disbursed advanced payment.
 - A guarantee of two employees for the employee who wishes to obtain a second/third advance, according to a pledge to commit to pay the amount of the second/third advance in the event that the employee does not commit to the payment, in addition to the authorization to deduct any amounts due from the grantors' salaries and their dues.
- The maximum amount of the advance payment is calculated as a percentage of the total employee allocation according to the employee's length of service on the date in which the advance payment is granted. The details are as follows:
 - If the employee has served for 10 – 15 years, the maximum advance is 50%.
 - If the employee has served between 15 – 20 years, the maximum advance is 55%.
 - If the employee has served for more than 20 years, the maximum advance is 60%.

The advance payment is settled in installments determined by the employee when the advance is requested. In addition, the settlement date is determined, and the total annual installments paid by the employee shall not be less than 60% of his gross monthly salary on the date of the grant. Moreover, the Institute will charge management fees of 0.5% of the total advance payment, and such fees will be recorded in the Institute's revenues. If the service of the employee who receives the advanced payment ends while his advance payment has not been settled, the remaining due amount shall be deducted from his end-of-service indemnity.

- Employees receivable is distributed as follows:

	December 31,	
	2021	2020
	JD	JD
Employees receivable – short-term	9,180	9,132
Employees receivable – long-term	217,883	220,349
	<u>227,063</u>	<u>229,481</u>

- The movement on employees' receivable is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	229,481	161,317
Advance payments granted during the year	6,742	76,726
Advance payments settled during the year	(9,160)	(8,562)
	<u>227,063</u>	<u>229,481</u>

8. Other Debit Balances

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Accrued revenue	45,295	41,385
Prepaid expenses	13,726	6,796
Other receivables	2,458	2,804
Refundable cash deposits	300	300
	<u>61,779</u>	<u>51,285</u>

9. Financial Assets at Amortized Cost

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Unquoted financial assets:		
Public entities bonds*	1,200,000	1,200,000
Total	<u>1,200,000</u>	<u>1,200,000</u>

- * The interest rate on the above governmental and public entities bonds is 5.65%, and these bonds mature in the year 2022 and it is of a fixed return. Therefore, the Financial Assets at Amortized cost are classified based on it's maturity dates as follows:

	December 31,	
	2021	2020
	JD	JD
Financial Assets at Amortized Cost - Short Term	1,200,000	-
Financial Assets at Amortized Cost - Long Term	-	1,200,000
Total	<u>1,200,000</u>	<u>1,200,000</u>

10. Property and Equipment - Net

- The details of this item are as follows:

	Land	Buildings* and Improvements	Furniture and Equipment	Machinery and Computers	Vehicles	Total
	JD	JD	JD	JD	JD	JD
<u>For the Year Ended December 31, 2021</u>						
Cost:						
Balance at the beginning of the year	217,593	2,087,920	203,870	587,832	34,861	3,132,076
Additions	-	9,450	2,010	20,534	-	31,994
Disposals	-	-	(11,637)	(6,346)	-	(17,983)
Balance at the End of the Year	<u>217,593</u>	<u>2,097,370</u>	<u>194,243</u>	<u>602,020</u>	<u>34,861</u>	<u>3,146,087</u>
Accumulated Depreciation:						
Balance at the beginning of the year	-	2,035,539	203,473	506,464	34,860	2,780,336
Additions	-	4,848	374	23,091	-	28,313
Disposals	-	-	(11,637)	(6,346)	-	(17,983)
Balance at the End of the Year	-	<u>2,040,387</u>	<u>192,210</u>	<u>523,209</u>	<u>34,860</u>	<u>2,790,666</u>
Net Book Value as of December 31, 2021	<u>217,593</u>	<u>56,983</u>	<u>2,033</u>	<u>78,811</u>	<u>1</u>	<u>355,421</u>
Annual Depreciation Rate %	-	4 - 10	20	10 - 40	20	
<u>For the Year Ended December 31, 2020</u>						
Cost:						
Balance at the beginning of the year	217,593	2,087,920	203,870	576,696	34,861	3,120,940
Additions	-	-	-	19,092	-	19,092
Disposals	-	-	-	(7,956)	-	(7,956)
Balance at the End of the Year	<u>217,593</u>	<u>2,087,920</u>	<u>203,870</u>	<u>587,832</u>	<u>34,861</u>	<u>3,132,076</u>
Accumulated Depreciation:						
Balance at the beginning of the year	-	2,023,642	201,942	486,871	34,860	2,747,315
Additions	-	11,897	1,531	27,549	-	40,977
Disposals	-	-	-	(7,956)	-	(7,956)
Balance at the End of the Year	-	<u>2,035,539</u>	<u>203,473</u>	<u>506,464</u>	<u>34,860</u>	<u>2,780,336</u>
Net Book Value as of December 31, 2020	<u>217,593</u>	<u>52,381</u>	<u>397</u>	<u>81,368</u>	<u>1</u>	<u>351,740</u>
Annual Depreciation Rate %	-	4 - 10	20	10 - 40	20	

* Buildings include an amount of JD 727,449 as of December 31, 2021 and 2020, representing members' contribution to complete the construction of the Institute's building (Note 15).

- Fully depreciated property and equipment amounted to JD 2,694,169 as of December 31, 2021 (JD 2,699,380 as of December 31, 2020).

11. Intangible Assets

In accordance with the Board of Directors' Decision No. 1/2015 dated January 26, 2015, obsolete computer software at a historical cost of JD 22,681 was written off, and its carrying value is JD 1.

12. Projects under Construction

At the end of year 2021, the institute's started an establishment and development of an electronic educational platform, as well as a smart mobile application for the Institute of Banking Studies, whereas the bid was assigned to the Knowledge Beam Company for Information, at a total cost of JD 48,700 and the first installment of the project amounted to JD 12,175. As the platform started working preliminarily at the beginning of 2022, and it's expected to be completed and finally received during the first half of 2022, and its details are as follows:

	<u>2021</u>	<u>2020</u>
	JD	JD
Beginning balance	-	-
Additions	12,175	-
Transfers to property, plant and equipment	-	-
	<u>12,175</u>	<u>-</u>

13. Due to Bank

This item consists of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	JD	JD
Current Account – Central Bank of Jordan	13,121	-
	<u>13,121</u>	<u>-</u>

- This item represents an overdrawn current account as a result of checks drawn on the bank but not presented for disbursement as of December 31, 2021.

14. Accounts Payable

This item consists of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	JD	JD
Suppliers payable	57,236	81,792
Lecturers payable	8,840	19,239
	<u>66,076</u>	<u>101,031</u>

15. End-of-Service Indemnity Provision

In accordance with the Board of Directors' decision dated April 27, 2011, the balance of end-of-service indemnity fund, established as an independent fund in the year of 2000, has been transferred to the Institute's accounts and appeared in the financial statements as of December 31, 2010. Moreover, the provision for employees' end-of-service indemnity is recognized in the financial statements according to the International Financial Reporting Standards. Accordingly, this provision is shown as an obligation at the date of the financial statements, taking into consideration that the accumulated profits from interest on the deposit related to the end-of-service fund before December 31, 2010 are included within the amount calculated as a provision for the end-of-service indemnity for members included in this provision.

- The movement on the provision for end-of-service indemnity account during the year is as follows:

	<u>2021</u>	<u>2020</u>
	JD	JD
Balance – beginning of the year	898,973	807,141
Provision taken during the year	136,576	91,832
Payments made from the provision	(1,000)	-
Balance – End of the Year	<u>1,034,549</u>	<u>898,973</u>

16. Other Credit Balances

This item consists of the following:

	December 31,	
	2021	2020
	JD	JD
Accrued expenses	2,610	6,700
Ministry of Finance payable	325	213
Master's degree program of the University of Jordan payable	6,992	9,572
Deferred revenue	15,381	150
Social Security payables	7,514	-
Income and sales tax payables	3,566	-
Employees payable	-	2,801
	<u>36,388</u>	<u>19,436</u>

17. Deferred Revenue

This item represents the members' contributions to the expenses for completion of the Institute's building and its furnishings in 1994, which amounted to JD 727,449. This amount has been closed in the Institute's building account, and according to International Financial Reporting Standards, it is considered deferred revenue shown under liabilities at net value and is amortized annually. Also, in 2017 the contributions of the members collected for the purpose of implementing the electric power generation project using solar cells were booked as deferred revenue in the amount of JD 75,000, and started to be amortized over the project's useful life starting 2019.

The movement on the deferred revenue account during the year is as follows:

	2021	2020
	JD	JD
Balance - beginning of the year	56,631	67,761
Amortization for the year - Note (18)	(6,796)	(11,130)
Balance - End of the Year	<u>49,835</u>	<u>56,631</u>
Distributed as follows:		
Deferred revenues - short term	6,796	6,796
Deferred revenues - long term	43,039	49,835
	<u>49,835</u>	<u>56,631</u>

18. Revenue

This item consists of the following:

	2021	2020
	JD	JD
Net contributions from banks and financial institutions *	773,822	757,878
Bank interest income	67,575	72,948
Revenue from training courses	450,467	330,103
Revenue from the Master's Degree program	61,477	78,418
Deferred revenue amortization - Note (17)	6,796	11,130
Interest on financial assets at amortized cost	67,800	67,800
Other revenues	16,836	3,611
	<u>1,444,773</u>	<u>1,321,888</u>

* This item represents the amount contributed by the Central Bank of Jordan, licensed banks, and financial institutions to the expenditures of the Institute in accordance with Article (9) of the Institute's policy which states the following:

- a. The Central Bank of Jordan, licensed banks, and financial institutions shall contribute to the expenditures of the Institute according to its annual budget after calculating the Institute's internal revenues. The percentage of contribution is as follows:

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

- b. The percentage of contribution provided by licensed banks to the expenses of the Institute as stated in paragraph (a) above shall be distributed equally among the licensed banks.
- c. The Board shall determine the contribution of the financial institutions and companies using the percentage stated in paragraph (a) above.
- d. The Board may decide, as it deems appropriate, the financial surpluses in the percentage exceeding the contribution of the banks, financial institutions and companies to the Institute's expenses.

19. General and Administrative Expenses

This item consists of the following:

	<u>2021</u>	<u>2020</u>
	JD	JD
Salaries and wages	512,024	473,154
Institute's contribution to social security	60,089	56,045
Institute's contribution to provident fund	37,965	35,151
Books and publications	1,445	2,560
Stationery and printing	15,412	9,733
Professional fees	4,746	4,390
Hospitality fees	3,161	1,530
Board of Directors' remunerations	29,400	27,500
Maintenance and cleaning of the building	55,891	60,219
End-of-service indemnity provision	136,576	91,832
Life insurance and work accidents expenses	7,592	7,095
Internal training expenses	288,194	224,399
Vehicles expenses	5,819	8,701
Machinery maintenance	19,776	13,539
Water, electricity and fuel	3,374	2,397
Magazines and newspapers subscription	425	1,074
Building insurance fees	1,019	1,009
Garden expenses	1,656	925
Official visits	1,374	2,375
Medical treatments	74,139	79,467
Mail, telephone, fax, and internet	12,083	6,045
Property and equipment depreciation	28,313	40,977
Master's degree program expenses	47,475	54,113
Other	21,259	67,519
	<u>1,369,207</u>	<u>1,271,749</u>

20. Related Parties Balances and Transactions

Related parties balances and transactions mainly consist of transactions with the Central Bank of Jordan, upper management, and the Board of Directors as follows:

	December 31,	
	<u>2021</u>	<u>2020</u>
	JD	JD
<u>Statements of financial position items</u>		
Financial assets at amortized cost	1,200,000	1,200,000
Current account at the Central Bank of Jordan	(13,121)	2,995
Deposits at the Central Bank of Jordan	20,943	121,943
End-of-service indemnity provision for upper management	122,998	80,010
	<u>2021</u>	<u>2020</u>
	JD	JD
<u>Statement of income and comprehensive income items</u>		
<u>Revenues</u>		
Central Bank of Jordan contribution	297,545	303,200
<u>Expenses</u>		
Salaries and benefits of upper management	72,205	69,180
Board of Directors' transportation	29,400	27,500
End-of-service indemnity provision for upper management	42,988	11,437

21. Income and Sales Tax

The Institute is exempted from income tax as a non-profit organization in accordance with Article (4) of the Income Tax Law No. (34) for the year 2014 and its amendments. In addition, the Institute is exempted from general sales tax as the educational services provided by the Institute are exempted from general sales tax in accordance with the schedule of goods and services No.(3) supplemented to the law of the General Sales Tax No (6) for the year 1994 and it's amendments.

22. Lawsuits against the Institute

There were no lawsuits against the Institute of banking studies as of December 31, 2021.

23. Risk Management

a. Accumulated Surplus and Reserves Risk Management

Through its Articles of Association and Board of Directors, the Institute follows up on and approves the administrative and financial instructions to ensure that its net assets and liabilities are managed and to continue as going concern; maximize the return to the stakeholders; and to achieve all its objectives described in the Institute's Articles of Association.

The Institute's strategy consists of maintaining a reasonable level of liabilities compared to accumulated surplus and reserves. The average debt against accumulated surplus and reserves as of December 31, 2021 and 2020 is as follows:

	December 31,	
	2021	2020
	JD	JD
Total liabilities	1,199,969	1,076,071
Total accumulated surplus	2,396,294	2,320,728
Liabilities to accumulated surplus ratio	%50	%46

The Institute's policy in 2021 remained unchanged compared to that of 2020, regarding its management of the accumulated surplus.

b. Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Institute will encounter difficulty in raising funds to meet its commitments.

The Institute manages liquidity risk by maintaining adequate reserves, and continuously monitoring forecast and actual cash flows to match the maturities of financial assets with those of financial liabilities. Furthermore, most of the Institute's funds are invested in deposits at banks readily available to meet short-term funding. The Institute's management believes that the liquidity risk has no significant effect on the financial statements, taking into consideration the collection of contributions from licensed and specialized credit institutions to cover the Institute's expenses.

c. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Institute. Moreover, The Institute deals with only credit worthy counterparties through its system as a means of mitigating the risk of financial loss from defaults.

Concentration of credit risk arises when customers are engaged in the same activity, or in the same geographic region, or have the same economic characteristics. All of these factors may affect their ability to meet their contractual obligations, as they are affected by the same political and economic changes. The concentration of credit risk is derived from vulnerability to such developments that may affect a particular industry or geographical area.

Management believes that the impact of credit risk on the financial statements or on the going concern of the Institute is insignificant.

d. Market risk

Market risk is the loss in value resulting from changes in market prices such as changes in interest rates and foreign exchange rates, and therefore, changes in the fair value of cash flows of financial instruments on-and off- the statement of financial position.

1. Foreign Currency

Foreign currency risk is the risk associated with changes in the value of a financial instrument due to changes in foreign exchange rates. The Institute's management believes that the risk of foreign currencies is immaterial, as most of the operations of the Institute are in Jordanian dinar.

2. Interest Rate Risk

Interest rate risk represents the risks resulting from changes in the value of the financial instrument due to the changes in the average interest rates prevailing in the market.

The Institute manages its continuous exposure to interest rate risks by evaluating various considerations such as funding and updating financial positions. The below sensitivity analysis is conducted according to the exposure to interest rates on banks deposits as of the financial statements date. The analysis also has been prepared based on the assumption that the amount outstanding on the date of the financial statements was outstanding throughout the whole year. An increase or decrease of one percentage point is used:

	<u>+1%</u>	<u>-1%</u>
	JD	JD
Effect on profit/(loss)	1,690	(1,690)

24. Fair Value of Financial Assets and Financial Liabilities Not Determined at Fair Value on a Continuous Basis

The carrying amount of the financial assets and financial liabilities stated in the Institute's financial statements approximates their fair value.