

JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023



Building a better
working world

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INDEPENDENT AUDITOR'S REPORT **To the Board of Trustees of Jordan River Foundation** **Amman - Jordan**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Jordan River Foundation** ("the Foundation") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of revenues and expenses, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *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 consolidated 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Foundation maintains proper books of accounts which are in agreement with the accompanying consolidated financial statements.

For and on behalf of Ernst & Young – Jordan



Shorouk Al-Khateeb
License No. 1038

ERNST & YOUNG
Amman - Jordan

Amman – Jordan
5 May 2024

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<u>Notes</u>	<u>2023</u> JD	<u>2022</u> JD
<u>ASSETS</u>			
Non-current assets -			
Property and equipment	5	5,390,971	5,344,748
Intangible assets	6	1,556	1,528
Project in progress	7	40,337	-
Right-of-use assets	8	335,205	106,624
		<u>5,768,069</u>	<u>5,452,900</u>
Current Assets -			
Inventories	9	1,456,527	984,952
Trade receivables	10	696,075	649,758
Other current assets	11	547,510	307,604
Cash on hand and at banks	12	7,170,719	5,349,964
		<u>9,870,831</u>	<u>7,292,278</u>
Total Assets		<u>15,638,900</u>	<u>12,745,178</u>
<u>NET ASSETS AND LIABILITIES</u>			
Surplus (deficit) in unrestricted net assets		763,822	(302,712)
Net restricted assets	15	9,173,536	9,173,536
Net assets		<u>9,937,358</u>	<u>8,870,824</u>
Liabilities			
Non- current liabilities -			
Lease contract liabilities- long-term	8	255,195	72,481
		<u>255,195</u>	<u>72,481</u>
Current liabilities -			
Trade and other payables	13	859,001	683,098
Unearned revenue and restricted funds	14	4,517,996	3,009,223
Current portion of long-term loans	16	-	87,290
Lease contract liabilities- short term	8	69,350	22,262
		<u>5,446,347</u>	<u>3,801,873</u>
Total liabilities		<u>5,701,542</u>	<u>3,874,354</u>
Total net assets and liabilities		<u>15,638,900</u>	<u>12,745,178</u>

The attached notes from 1 to 25 form part of these consolidated financial statements

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		JD	JD
Revenues -			
Sales		5,144,634	5,011,594
Donations		2,296,239	1,419,627
Revenue from activities		8,195,797	11,266,407
Other income	17	<u>1,449,327</u>	<u>1,755,968</u>
Total Revenues		<u>17,085,997</u>	<u>19,453,596</u>
Expenses -			
Cost of sales		(2,142,053)	(1,967,497)
Project operating expenses	18	(8,210,816)	(10,185,223)
Administrative expenses	19	(5,639,655)	(5,935,199)
Finance cost		<u>(26,939)</u>	<u>(10,286)</u>
Total Expenses		<u>(16,019,463)</u>	<u>(18,098,205)</u>
Surplus for the year		<u>1,066,534</u>	<u>1,355,391</u>

The attached notes from 1 to 25 form part of these consolidated financial statements

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Surplus (deficit) in unrestricted net assets	Net restricted assets	Total
	JD	JD	JD
For the year ended 31 December 2023			
Balance at 1 January	(302,712)	9,173,536	8,870,824
Surplus for the year	1,066,534	-	1,066,534
Balance at 31 December 2023	<u>763,822</u>	<u>9,173,536</u>	<u>9,937,358</u>
For the year ended 31 December 2022			
Balance at 1 January	(1,658,103)	9,173,536	7,515,433
Surplus for the year	1,355,391	-	1,355,391
Balance at 31 December 2022	<u>(302,712)</u>	<u>9,173,536</u>	<u>8,870,824</u>

The attached notes from 1 to 25 form part of these consolidated financial statements

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 JD	2022 JD
<u>OPERATING ACTIVITIES</u>			
Surplus for the year		1,066,534	1,355,391
Adjustments -			
Depreciation	5	366,035	336,536
Amortization	6	2,017	2,067
Depreciation on right of use assets	8	32,194	45,808
Interest on loans		116	1,127
Finance cost –lease liabilities	8	26,823	9,159
Provision for slow moving inventory	9	21,228	-
Provision for lawsuits	13	11,578	13,694
Provision for expected credit losses	10	113,571	-
Loss from sale of property and equipment		78,818	1,418
Revenue earned from waiving Queen Rania Foundation Loan		-	(200,000)
De-recognition of lease contract liabilities		11,554	-
Interest income	17	(326,742)	(351,183)
Change in working capital			
Inventories		(492,803)	(277,417)
Trade receivables and other current assets		(381,985)	(34,885)
Trade and other payables		164,325	133,666
Unearned revenue and restricted funds, net		1,508,773	(2,155,424)
Net cash flows from (used in) operating activities		<u>2,202,036</u>	<u>(1,120,043)</u>
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	5	(491,476)	(404,380)
Addition to Project in progress	7	(40,337)	-
Additions to intangible assets	6	(2,045)	-
Proceeds from sale of property and equipment		400	21,129
Interest received		308,933	335,983
Deposits at banks with original maturity date more than three months	12	(1,348,102)	727,516
Net cash flows (used in) from investing activities		<u>(1,572,627)</u>	<u>680,248</u>
<u>FINANCING ACTIVITIES</u>			
Proceed from loans		-	28,616
Repayment of loans		(87,290)	(148,916)
Interest paid		(116)	(1,127)
Lease payments	8	(69,350)	(53,560)
Net cash flows used in financing activities		<u>(156,756)</u>	<u>(174,987)</u>
Net increase (decrease) in cash and cash equivalents			
Cash and cash balances at the beginning of the year		472,653	(614,782)
Cash and cash balances at the end of the year	12	<u>568,091</u>	<u>1,182,873</u>
Cash and cash balances at the end of the year		<u>1,040,744</u>	<u>568,091</u>

The attached notes from 1 to 25 form part of these consolidated financial statements

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
31 DECEMBER 2023

(1) GENERAL

Jordan River Foundation (the Foundation) was established on 11 May 1998 as a result of the merger between Jordan Development Foundation and Jordan River for Development Projects, registered under the Law of Social Societies and Agencies No. 33 of 1966 and its amendments.

The main objectives of the Group are to develop local communities in the health, education, vocational and education sectors, prepare and execute development projects to achieve community prosperity and prepare and develop programs related to family and children security.

The Group's consolidated financial statements were approved by its Board of Trustees on 29 April 2024.

The Group's headquarter is in Amman, Jordan.

(2-1) BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis.

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

The consolidated financial statements are presented in Jordanian Dinars, which is the functional currency of the Group.

(2-2) Basis of consolidation of financial statements

The consolidated financial statements comprise of the financial statements of the Foundation and its subsidiary as follows as at 31 December 2023:

<u>Name of the foundation</u>	<u>Ownership percentage</u>		<u>Incorporation country</u>
	<u>2023</u>	<u>2022</u>	
Jordanian Regional Center for Development and Training *	100%	100%	Jordan

- * Jordanian Regional Center for Development and Training was established on 12 November 2008 in the Kingdom of Jordan as a not-for-profit foundation with authorized paid share capital of JD 5,000 divided into 5,000 shares with a nominal value of JD 1 per share.

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
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Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies to conform to the Group's accounting policies. All intra-group assets and liabilities, equity, profit and losses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments effective as at 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 to the Group.

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 Group.

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 Group.

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 recognized 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 Group.

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 Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

(3) USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount 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, considerable judgment by management is required in the estimation of the amount and timing of future cash flows and the conditions of these estimations in the future. Such estimates are necessarily 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.

(4) MATERIAL ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of revenues and expenses.

Depreciation is computed on a straight-line basis over the estimated useful lives using the following rates:

	<u>%</u>
Building & renovation	2-10
Furniture and fixture	10
Vehicles	15
Software	15

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 benefits from items of property and equipment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured initially at its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. The useful lives of these intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category.

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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

Amortization is calculated on a straight-line basis over the estimated useful lives of assets as follows:

	<u>%</u>
Recipes	40

Projects in progress

Projects in progress are stated at cost. This includes the cost of construction materials, direct salaries and wages on the projects and other direct costs.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease obligations.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease obligations

At the commencement date of the lease, the Group recognizes lease obligations measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the date of application if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease obligations is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (less than 5,000 US dollars). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
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The Group included the renewal period as part of the lease term for leases of property and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes all expenses incurred to bring the products to its present location and condition and are accounted for as follows:

Raw materials: purchase cost using weighted average cost method.

Work in progress: cost of direct materials, direct labor and a proportion of manufacturing overheads based on normal operating capacity.

Finished goods: lower of cost and net realizable value using weighted average cost method.

Accounts receivable

Trade receivables are measured at the transaction price determined under IFRS 9. The Group recognizes a provision for expected credit losses (ECLs) for trade receivables. The Group applies a simplified approach in calculating ECLs. The Group recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash on hand and at banks

For the purpose of preparation of consolidated statement of cash flows, the cash and cash equivalents represent cash in hand and bank balances net of short term deposits which have maturity dates of three months, it doesn't include risk change in value.

Accounts payable and other current liabilities

Payables and other current liabilities are recognized for amounts to be paid in the future for services or goods received, whether billed by the supplier or not.

Loans

All loans are initially recognized at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loan and bonds are subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

Revenues and expenses

Revenue is recognized based on the new IFRS 15 as the standard establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognized from sale of equipment / goods at the point in time when control of the and is transferred to the customer, generally on delivery of the equipment/ goods.

Interest income is recognized using the effective interest rate method.

Expenses are recognized on an accrual basis.

Income tax

The Group calculates income tax provision in accordance with the income tax law applicable in the Kingdom and in accordance with IAS12 which states that deferred tax is provided for temporary differences, at each reporting date, between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated to Jordanian Dinars at year end using the average rate of exchange ruling at 31 December. In which all transactions are translated from foreign currencies to Jordanian Dinars using the average rate of exchange in the date of these transactions. All differences are taken to the statement of revenues and expenses.

Offsetting

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

**JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
31 DECEMBER 2023**

(5) PROPERTY AND EQUIPMENT

	Land		Building and renovation		Furniture and fixtures		Vehicles		Software		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2023- Cost												
At 1 January 2023	13,486	6,497,256	2,321,459	402,717	257,331	9,492,249						
Additions	-	220,653	150,591	31,561	88,671	491,476						
Disposals	-	(431,877)	(1,405,659)	-	(144,102)	(1,981,638)						
At 31 December 2023	13,486	6,286,032	1,066,391	434,278	201,900	8,002,087						
Accumulated Depreciation												
At 1 January 2023	-	1,553,565	2,040,822	368,781	184,333	4,147,501						
Depreciation for the year (note 19)	-	123,905	184,035	23,714	34,381	366,035						
Disposals	-	(332,428)	(1,469,282)	9,402	(110,112)	(1,902,420)						
At 31 December 2023	-	1,345,042	755,575	401,897	108,602	2,611,116						
Net book value as at 31 December 2023	13,486	4,940,990	310,816	32,381	93,298	5,390,971						

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	Land		Building and renovation		Furniture and fixtures		Vehicles		Software		Total	
	JD		JD		JD		JD		JD		JD	
2022- Cost												
At 1 January 2022	13,486		6,337,390		2,204,905		411,338		174,570		9,141,689	
Additions	-		159,866		160,376		1,377		82,761		404,380	
Disposals	-		-		(43,822)		(9,998)		-		(53,820)	
At 31 December 2022	<u>13,486</u>		<u>6,497,256</u>		<u>2,321,459</u>		<u>402,717</u>		<u>257,331</u>		<u>9,492,249</u>	
Accumulated Depreciation												
At 1 January 2022	-		1,434,742		1,903,733		340,094		163,669		3,842,238	
Depreciation for the year (note 19)	-		118,823		158,364		38,685		20,664		336,536	
Disposals	-		-		(21,275)		(9,998)		-		(31,273)	
At 31 December 2022	<u>-</u>		<u>1,553,565</u>		<u>2,040,822</u>		<u>368,781</u>		<u>184,333</u>		<u>4,147,501</u>	
Net book value as at 31 December 2022	<u>13,486</u>		<u>4,943,691</u>		<u>280,637</u>		<u>33,936</u>		<u>72,998</u>		<u>5,344,748</u>	

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(6) INTANGIBLE ASSETS

	<u>2023</u>	<u>2022</u>
	JD	JD
Cost:		
Balance as at 1 January	5,570	5,570
Additions	2,045	-
Balance as at 31 December	<u>7,615</u>	<u>5,570</u>
Accumulated amortization:		
Balance as at 1 January	4,042	1,975
Amortization for the year (note 19)	2,017	2,067
Balance as at 31 December	<u>6,059</u>	<u>4,042</u>
Net book value as at 31 December	<u>1,556</u>	<u>1,528</u>

(7) PROJECT IN PROGRESS

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	-	-
Additions	40,337	-
Balance at 31 December	<u>40,337</u>	<u>-</u>

This item represents the implementation of Solar Panels to Daimah Restaurant, the expected cost to complete the project in progress as at 31 December 2023 is JD 14,382 and it is expected to complete the project during 2024.

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(8) LEASES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	Right-of-use assets JD	Lease contract liabilities* JD
2023 -		
Balance as at 1 January	106,624	94,743
Addition	274,775	274,775
Depreciation (note 19)	(32,194)	-
Interest expense on lease contract liabilities	-	26,823
Derecognition of lease contract liabilities	(14,000)	(2,446)
Payments	-	(69,350)
Balance as at 31 December	335,205	324,545
	Right of use assets JD	Lease contract liabilities* JD
2022 -		
Balance as at 1 January	36,652	23,364
Addition	115,780	115,780
Depreciation (note 19)	(45,808)	-
Interest expense on lease contract liabilities	-	9,159
Payments	-	(53,560)
Balance as at 31 December	106,624	94,743

*Lease contract liabilities details as at 31 December 2023 and 2022 are as follow:

31 December 2023			31 December 2022		
Short term JD	Long term JD	Total JD	Short term JD	Long term JD	Total JD
69,350	255,195	324,545	22,262	72,481	94,743

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(9) INVENTORIES

	<u>2023</u>	<u>2022</u>
	JD	JD
Raw materials	808,010	541,903
Work in process	345,483	143,547
Finished goods	368,465	343,705
	<u>1,521,958</u>	<u>1,029,155</u>
Provision for slow moving inventories*	<u>(65,431)</u>	<u>(44,203)</u>
	<u>1,456,527</u>	<u>984,952</u>

* Movement on provision for slow moving inventories during the year was as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	44,203	44,203
Provision for the year	<u>21,228</u>	<u>-</u>
Balance at 31 December	<u>65,431</u>	<u>44,203</u>

(10) TRADE RECEIVABLES

	<u>2023</u>	<u>2022</u>
	JD	JD
Trade receivables	800,593	719,109
Less: Provision for expected credit losses*	<u>(104,518)</u>	<u>(69,351)</u>
	<u>696,075</u>	<u>649,758</u>

* Movement on provision for expected credit losses during the year was as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	69,351	69,351
Provision for the year (note 19)	113,571	-
Written-off during the year	<u>(78,404)</u>	<u>-</u>
Balance at 31 December	<u>104,518</u>	<u>69,351</u>

The Group's management believes that all receivables' balances will be collected in full. The Group does not obtain guarantees against these receivables and therefore is not guaranteed.

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As at 31 December the ageing, analysis of unimpaired trade receivables is as follows:

	1 – 90 Days <u>JD</u>	91 – 180 Days <u>JD</u>	More than 180 days <u>JD</u>	Total <u>JD</u>
2023	570,277	91,742	34,056	696,075
2022	571,237	66,654	11,867	649,758

(11) OTHER CURRENT ASSETS

	<u>2023</u> <u>JD</u>	<u>2022</u> <u>JD</u>
Advances	276,092	15,151
Prepaid expense	143,202	212,458
Refundable deposits	77,406	65,339
Employees receivable	50,810	14,656
	<u>547,510</u>	<u>307,604</u>

(12) CASH ON HAND AND AT BANKS

	<u>2023</u> <u>JD</u>	<u>2022</u> <u>JD</u>
Cash at banks *	7,169,719	5,349,964
Cash on hand	1,000	-
	<u>7,170,719</u>	<u>5,349,964</u>

* The Group's deposits with banks matures within a period of more than three months and up to a year. The annual interest rate for these deposits ranges between 5.75% to 6.30% (2022: 3.25% to 5.25%).

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For the purpose of the statement of cash flows, cash and cash equivalents consist of the following amounts which appears in the statement of financial position:

	<u>2023</u>	<u>2022</u>
	JD	JD
Cash at banks	7,169,719	5,349,964
Cash on hand	1,000	-
	<u>7,170,719</u>	<u>5,349,964</u>
Less: deposits at banks with original maturity date more than three months	(6,129,975)	(4,781,873)
	<u>1,040,744</u>	<u>568,091</u>

(13) TRADE AND OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	JD	JD
Trade payables	726,159	583,469
Lawsuits provision *	46,338	34,760
Accrued expenses	33,988	34,425
Advances from customers	6,360	19,800
Others	46,156	10,644
	<u>859,001</u>	<u>683,098</u>

* Movement on lawsuits provision during the year was as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at 1 January	34,760	21,066
Provision for the year (note 19)	11,578	13,694
Balance at 31 December	<u>46,338</u>	<u>34,760</u>

(14) UNEARNED REVENUE AND RESTRICTED FUNDS

	<u>2023</u>	<u>2022</u>
	JD	JD
Unearned revenue	2,469,771	2,710,059
Restricted funds	2,048,225	299,164
	<u>4,517,996</u>	<u>3,009,223</u>

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The movement on unearned revenue and restricted funds was as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
At 1 January	3,009,223	5,164,647
Funds received during the year	9,575,309	10,303,558
Funds released during the year	<u>(8,066,536)</u>	<u>(12,458,982)</u>
At 31 December	<u>4,517,996</u>	<u>3,009,223</u>

(15) NET RESTRICTED ASSETS

This item represents restricted funds which are related to projects implemented and completed in previous years shown as part of net assets as per Group's management decision.

(16) LOANS

	Loan instalments			
	<u>2023</u>		<u>2022</u>	
	Current portion JD	Long-term portion JD	Current portion JD	Long-term portion JD
Arab Bank Loan 1	-	-	75,000	-
Arab Bank Loan 2	-	-	12,290	-
	<u>-</u>	<u>-</u>	<u>87,290</u>	<u>-</u>

Arab Bank Loan 1

During 2021, the Group obtained a loan from Arab Bank as part of the Central Bank of Jordan instructions for the working capital support of the small and medium size businesses during the Covid-19 pandemic. The loan's ceiling was JD 250,000 bearing annual interest rate of 2%. the loan was repayable in 36 monthly installments, with the first installment due after six months from the date of signing the agreement date 18 June 2021 and the last installment was settled on December 2023.

Arab Bank Loan 2

During 2022, the Group obtained a loan from Arab Bank to finance renewable energy project - Aqaba. The loan's ceiling is JD 43,000 bearing annual interest rate of 3%. The utilized balance amounted to JD 28,400. The loan is repayable in 22 monthly installments. First installment fell due on 1 February 2022 and the last installment was settled on October 2023.

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(17) OTHER INCOME

	<u>2023</u>	<u>2022</u>
	JD	JD
Interest income	326,742	351,183
Others*	<u>1,122,585</u>	<u>1,404,785</u>
	<u>1,449,327</u>	<u>1,755,968</u>

* This item represents the balance utilized from the unearned revenue and restricted funds to finance part of the Group's administrative expenses as per the agreements signed with the donors.

(18) PROJECT OPERATING EXPENSES

	<u>2023</u>	<u>2022</u>
	JD	JD
Projects expenses	3,894,471	4,725,711
Salaries, social security, and health insurance	3,407,312	3,713,743
Travel and transportation	265,373	423,212
Hospitality	147,110	262,658
Office supplies and stationery	131,300	183,999
Maintenance	97,270	98,007
Equipment and tools	79,636	175,320
Rent	43,637	86,635
Utilities	32,650	113,986
Telephone expense	32,050	47,763
Service fees	31,422	101,851
Activities events and exhibitions	29,283	187,262
Bank and governmental fees	4,523	5,727
Professional fees	2,650	41,320
Insurance	2,338	3,425
Others	<u>9,791</u>	<u>14,604</u>
	<u>8,210,816</u>	<u>10,185,223</u>

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(19) ADMINISTRATIVE EXPENSES

	<u>2023</u>	<u>2022</u>
	JD	JD
Salaries, social security, and health insurance	3,357,446	3,391,425
Depreciation and amortization expense (note 5 and 6)	368,052	338,603
Wages	181,485	150,491
Utilities	178,214	130,015
Maintenance	171,591	126,984
Service fees	150,895	94,716
Advertisement	147,634	138,888
Activities events and exhibitions	124,662	75,509
Provision for expected credit losses (note 10)	113,571	-
Sales commission	98,426	95,622
Rent	97,443	39,573
Travel and transportation	96,548	66,534
Shipping and freight	41,343	25,553
Office supplies and stationery	39,133	19,809
Projects expenses	35,070	857,058
Professional fees	32,907	51,300
Deprecation for right of use assets (note 8)	32,194	45,808
Hospitality	29,357	29,773
Packaging and labels	23,627	14,564
Slow moving inventory expense (note 9)	21,228	-
Lawsuits provision expense (note 13)	11,578	13,694
Telephone expense	15,796	8,746
Bank and governmental fees	15,251	23,276
Insurance	13,481	17,050
Equipment and tools	1,110	1,035
Spoilage and damage	17,952	47,988
Others	223,661	131,185
	<u>5,639,655</u>	<u>5,935,199</u>

(20) RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent board of trustees and key management personnel of the Group, as well as entities that have influence on the Group. Pricing policies and terms of the transactions with related parties are approved by the Group's management.

No balances with related parties were included in the consolidated financial statements as at 31 December 2023.

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(21) INCOME TAX

The Foundation is exempted from income and sales tax in accordance with the Jordanian Income Tax laws and Jordan River Foundation Law number (33) of 2001.

(22) RISK MANAGEMENT

Interest rate risk –

The Group is exposed to interest rate risk on its interest-bearing assets such as bank deposits and bank loans.

The sensitivity of the consolidated statement of revenues and expenses is the effect of the assumed changes in interest rates on the Group's surplus for one year and is calculated based on the financial assets holding floating interest rate at 31 December.

The following table demonstrates the sensitivity of the consolidated statement of revenues and expenses to reasonably possible changes in interest rates as at 31 December 2023 and 2022, with all other variables held constant.

2023 -	<u>Increase in interest rate</u>	<u>Effect on surplus for the year</u>
	Point	JD
Currency		
JD	100	61,300
2022 -	<u>Increase in interest rate</u>	<u>Effect on surplus for the year</u>
	Point	JD
Currency		
JD	100	46,946

In the event of a decrease in the indicator, the effect will be equal to the above change with an opposite sign.

Credit risk –

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation, leading to a financial loss.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks. The Group is not exposed to significant credit risk as majority of the Group's sales are in cash and it sets credit limits to its customers and maintains the outstanding receivable regularly.

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Liquidity risk –

Liquidity risk is the risk that the Group will not meet its obligations under its financial liabilities based on contractual maturity dates.

The Group monitors its liquidity by ensuring availability of funds to meet its obligations at their maturity date.

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

	Less than 1 year	More than 1 year	Total
	JD	JD	JD
31 December 2023			
Trade and other payables	859,001	-	859,001
Lease liabilities	105,574	475,936	581,510
	<u>964,575</u>	<u>475,936</u>	<u>1,440,511</u>
	Less than 1 year	More than 1 year	Total
	JD	JD	JD
31 December 2022			
Trade and other payables	683,098	-	683,098
Lease liabilities	28,560	76,759	105,319
Bank loan	88,417	-	88,417
	<u>800,075</u>	<u>76,759</u>	<u>876,834</u>

Currency risk –

Most of the Groups' transactions are in US Dollars and JOD Dinars. The Jordanian Dinar exchange rate is fixed against the US Dollar (US \$ 1.41 for 1 JOD). Accordingly, the Group is not exposed to significant currency risk.

(23) CONTINGENCIES AND COMMITMENTS

- 1) At 31 December 2023, the Group had outstanding letters of guarantee amounting to JD 783,897 (31 December 2022: JD 800,240) against cash margins of JD 77,406 (31 December 2022: JD 65,339).
- 2) At 31 December 2023, the Group was a defendant in a number of lawsuits which amounted to JD 46,338 (31 December 2022: JD 56,710). The Group recorded a provision for other commitments against these lawsuits in the amount of JD 46,338 as at 31 December 2023 (2022: JD 34,760) (note 13).

(24) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables, and some other current assets. Financial liabilities consist of trade payables, lease liabilities and some other current liabilities.

The fair value of financial instruments is not materially different from their carrying values.

(25) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, 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 recognize 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 Group's consolidated 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 Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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 Group's consolidated financial statements.