

JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022



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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 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, 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.



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- 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
16 May 2023

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 JD	2021 JD
<u>ASSETS</u>			
Non-current assets -			
Property and equipment	5	5,344,748	5,299,451
Intangible assets	6	1,528	3,595
Right-of-use assets	7	106,624	36,652
		<u>5,452,900</u>	<u>5,339,698</u>
Current Assets -			
Inventories	8	984,952	728,898
Trade receivables	9	649,758	687,059
Other current assets	10	307,604	195,857
Cash on hand and at banks	11	5,349,964	6,695,260
		<u>7,292,278</u>	<u>8,307,074</u>
Total Assets		<u>12,745,178</u>	<u>13,646,772</u>
<u>NET ASSETS AND LIABILITIES</u>			
Deficit in unrestricted net assets		(302,712)	(1,658,103)
Net restricted assets	14	9,173,536	9,173,536
Net assets		<u>8,870,824</u>	<u>7,515,433</u>
Liabilities			
Non- current liabilities -			
Lease liability- long-term	7	72,481	-
Long term loans	15	-	74,841
		<u>72,481</u>	<u>74,841</u>
Current liabilities -			
Trade and other payables	12	683,098	535,738
Unearned revenue and restricted funds	13	3,009,223	5,164,647
Loan from Queen Rania Foundation	19	-	200,000
Current portion of long-term loans	15	87,290	132,749
Lease liability- short term	7	22,262	23,364
		<u>3,801,873</u>	<u>6,056,498</u>
Total liabilities		<u>3,874,354</u>	<u>6,131,339</u>
Total net assets and liabilities		<u>12,745,178</u>	<u>13,646,772</u>

The attached notes from 1 to 24 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 2022

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
Revenues -			
Sales		5,011,594	3,786,914
Donations		1,419,627	878,720
Revenue from activities		11,266,407	9,636,802
Other income	16	1,755,968	1,452,521
Total Revenues		<u>19,453,596</u>	<u>15,754,957</u>
Expenses -			
Cost of sales		(1,967,497)	(1,800,058)
Project operating expenses	17	(10,185,223)	(8,180,476)
Administrative expenses	18	(5,935,199)	(5,801,910)
Finance cost		(10,286)	(7,669)
Total Expenses		<u>(18,098,205)</u>	<u>(15,790,113)</u>
Surplus (deficit) for the year		<u>1,355,391</u>	<u>(35,156)</u>

The attached notes from 1 to 24 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 2022

	Deficit in unrestricted net assets	Net restricted assets	Total
	JD	JD	JD
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
<u>Balance at 31 December 2022 -</u>	<u>(302,712)</u>	<u>9,173,536</u>	<u>8,870,824</u>
For the year ended 31 December 2021			
Balance at 1 January	(1,622,947)	9,173,536	7,550,589
Deficit for the year	(35,156)	-	(35,156)
<u>Balance at 31 December 2021 -</u>	<u>(1,658,103)</u>	<u>9,173,536</u>	<u>7,515,433</u>

The attached notes from 1 to 24 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 2022

	<u>Notes</u>	<u>2022</u> JD	<u>2021</u> JD
<u>OPERATING ACTIVITIES</u>			
Surplus (deficit) for the year		1,355,391	(35,156)
Adjustments -			
Depreciation	5	336,536	391,409
Amortization	6	2,067	1,975
Depreciation on right of use assets	7	45,808	22,652
Interest on loans		1,127	4,838
Finance cost –lease liabilities	7	9,159	2,831
Provision for slow moving inventory	8	-	32,497
Provision for legal cases		13,694	-
Provision for expected credit losses	9	-	50,000
Loss (gain) from sale of property and equipment		1,418	(9,750)
Revenue earned from waiving Queen Rania Foundation Loan	16	(200,000)	-
Change in working capital			
Inventories		(256,054)	(115,311)
Trade receivables and other current assets		(74,446)	(323,884)
Trade and other payables		133,666	331,258
Unearned revenue and restricted funds, net		(2,155,424)	441,581
Net cash flows (used in) from operating activities		<u>(787,058)</u>	<u>794,940</u>
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	5	(404,380)	(27,967)
Additions to intangible assets	6	-	(1,200)
Proceeds from sale of property and equipment		21,129	9,750
Net cash flows used in investing activities		<u>(383,251)</u>	<u>(19,417)</u>
<u>FINANCING ACTIVATES</u>			
Proceed from bank loans		28,616	-
Repayment of bank loans		(148,916)	(177,308)
Interest Paid		(1,127)	(4,838)
Lease payments	7	(53,560)	(25,000)
Net cash flows used in financing activities		<u>(174,987)</u>	<u>(207,146)</u>
Net (decrease) increase in cash and cash equivalents		(1,345,296)	568,377
Cash and cash balances at the beginning of the year		6,695,260	6,126,883
Cash and cash balances at the end of the year	11	<u>5,349,964</u>	<u>6,695,260</u>

The attached notes from 1 to 24 form part of these consolidated financial statements

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
31 DECEMBER 2022

(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 3 May 2023.

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.

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 2022:

<u>Name of the foundation</u>	<u>Ownership percentage</u>		<u>Incorporation country</u>
	<u>2022</u>	<u>2021</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.

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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.

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 2021 except for the adoption of new amendments effective as at 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
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The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no material impact on the consolidated financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no material impact on the consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

This amendment is not applicable to the Group.

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IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the consolidated financial statements of the Group.

(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) SUMMARY OF SIGNIFICANT 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.

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

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:

	$\frac{\%}{40}$
Recipes	

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.

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

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.

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
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31 DECEMBER 2022

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 and bank balances

Cash and cash equivalents represent cash in hand and bank balances net of commitments which have maturity dates of three months or less, 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.

JORDAN RIVER FOUNDATION (ESTABLISHED BY A SPECIAL DECREE)
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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 2022**

(5) PROPERTY AND EQUIPMENT

	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	13,486		6,497,256		2,321,459		402,717		257,331		9,492,249	
Accumulated Depreciation-												
At 1 January 2022	-		1,434,742		1,903,733		340,094		163,669		3,842,238	
Depreciation for the year	-		118,823		158,364		38,685		20,664		336,536	
Disposals	-		-		(21,275)		(9,998)		-		(31,273)	
At 31 December 2022	-		1,553,565		2,040,822		368,781		184,333		4,147,501	
Net book value												
At 31 December 2022	13,486		4,943,691		280,637		33,936		72,998		5,344,748	

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	Land		Building and renovation		Furniture and fixtures		Vehicles		Software		Total	
	JD		JD		JD		JD		JD		JD	
2021- Cost-												
At 1 January 2021	13,486		6,337,390		2,180,255		445,674		173,341		9,150,146	
Additions	-		-		24,650		2,088		1,229		27,967	
Disposals	-		-		-		(36,424)		-		(36,424)	
At 31 December 2021	<u>13,486</u>		<u>6,337,390</u>		<u>2,204,905</u>		<u>411,338</u>		<u>174,570</u>		<u>9,141,689</u>	
Accumulated Depreciation-												
At 1 January 2021	-		1,316,632		1,693,224		340,623		136,774		3,487,253	
Depreciation for the year	-		118,110		210,509		35,895		26,895		391,409	
Disposals	-		-		-		(36,424)		-		(36,424)	
At 31 December 2021	<u>-</u>		<u>1,434,742</u>		<u>1,903,733</u>		<u>340,094</u>		<u>163,669</u>		<u>3,842,238</u>	
Net book value												
At 31 December 2021	<u>13,486</u>		<u>4,902,648</u>		<u>301,172</u>		<u>71,244</u>		<u>10,901</u>		<u>5,299,451</u>	

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(6) INTANGIBLE ASSETS

	Recipes	
	2022	2021
	JD	JD
Cost:		
Balance as at 1 January	5,570	4,370
Additions	-	1,200
Balance as at 31 December	5,570	5,570
Accumulated amortization:		
Balance as at 1 January	1,975	-
Amortization for the year	2,067	1,975
Balance as at 31 December	4,042	1,975
Net book value as at 31 December	1,528	3,595

(7) 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	Lease Liabilities*
	JD	JD
2022 -		
At 1 January 2022	36,652	23,364
Addition	115,780	115,780
Depreciation	(45,808)	-
Interest expense	-	9,159
Payments	-	(53,560)
At 31 December 2022	106,624	94,743
2021 -		
At 1 January 2021	59,304	45,533
Depreciation	(22,652)	-
Interest expense	-	2,831
Payments	-	(25,000)
At 31 December 2021	36,652	23,364

*Lease liabilities details as at 31 December 2022 and 2021 are as follows:

31 December 2022			31 December 2021		
Short term	Long term	Total	Short term	Long term	Total
JD	JD	JD	JD	JD	JD
22,262	72,481	94,743	23,364	-	23,364

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(8) INVENTORIES

	<u>2022</u>	<u>2021</u>
	JD	JD
Raw materials	541,903	468,509
Work in process	143,547	169,478
Finished goods	343,705	135,114
	<u>1,029,155</u>	<u>773,101</u>
Provision for slow moving inventories*	(44,203)	(44,203)
	<u>984,952</u>	<u>728,898</u>

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

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at 1 January	44,203	11,706
Provision for the year	-	32,497
Balance at 31 December	<u>44,203</u>	<u>44,203</u>

(9) TRADE RECEIVABLES

	<u>2022</u>	<u>2021</u>
	JD	JD
Trade receivables	719,109	756,410
Less: Provision for expected credit losses*	(69,351)	(69,351)
	<u>649,758</u>	<u>687,059</u>

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

	<u>2022</u>	<u>2021</u>
	JD	JD
Balance at 1 January	69,351	19,351
Provision for the year	-	50,000
Balance at 31 December	<u>69,351</u>	<u>69,351</u>

The Group's management believes that all receivables balances will be collected in full.

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

	<u>1 – 90</u>	<u>91 – 180</u>	<u>181-></u>	<u>Total</u>
	Days	Days	days	JD
	JD	JD	JD	
2022	571,237	66,654	11,867	649,758
2021	674,649	12,410	-	687,059

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(10) OTHER CURRENT ASSETS

	<u>2022</u> JD	<u>2021</u> JD
Prepaid expense	212,458	94,895
Refundable deposits	14,658	66,987
Employees' receivable	15,153	28,883
Advances to suppliers	65,335	5,092
	<u>307,604</u>	<u>195,857</u>

(11) CASH ON HAND AND AT BANKS

	<u>2022</u> JD	<u>2021</u> JD
Cash on hand	-	2,378
Current and saving accounts	1,120,152	1,511,639
Deposits maturing within 3 months*	4,229,812	5,181,243
	<u>5,349,964</u>	<u>6,695,260</u>

* The Group's deposits with banks earn annual interest rates ranging between 3.25% to 5.25% (2021: 2.25% to 3.75%).

(12) TRADE AND OTHER PAYABLES

	<u>2022</u> JD	<u>2021</u> JD
Trade payables	583,469	463,152
Advances from customers	19,800	31,586
Lawsuits Provision	34,760	21,066
Accrued expenses	34,425	9,663
Others	10,644	10,271
	<u>683,098</u>	<u>535,738</u>

(13) UNEARNED REVENUE AND RESTRICTED FUNDS

	<u>2022</u> JD	<u>2021</u> JD
Unearned revenue	2,710,059	1,503,012
Restricted funds	299,164	3,661,635
	<u>3,009,223</u>	<u>5,164,647</u>

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

	<u>2022</u> JD	<u>2021</u> JD
At 1 January	5,164,647	4,723,066
Funds received during the year	10,303,558	10,394,120
Funds released during the year	(12,458,982)	(9,952,539)
At 31 December	<u>3,009,223</u>	<u>5,164,647</u>

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(14) 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.

(15) BANK LOANS

	2022		2021	
	Loan instalments			
	Current portion	Long-term portion	Current portion	Long-term portion
	JD	JD	JD	JD
Arab Bank Loan 1	-	-	27,649	-
Arab Bank Loan 2	-	-	21,100	-
Arab Bank Loan 3	75,000	-	84,000	74,841
Arab Bank Loan 4	12,290	-	-	-
	<u>87,290</u>	<u>-</u>	<u>132,749</u>	<u>74,841</u>

Arab Bank Loan 1

During 2019, the Group obtained a loan from Arab Bank to finance renewable energy project. The loan's ceiling is JD 154,000 bearing annual interest rate of 4.5%. the loan is repayable in 36 monthly installments, with the first installment was due on 17 January 2019. The loan was fully repaid in 2022.

Arab Bank Loan 2

During 2018, the Group obtained a loan from Arab Bank to finance vehicle purchases. The loan's ceiling is JD 140,000 bearing annual interest rate of 8.5%. the loan is repayable in 48 monthly installments, with the first installment was due on 6 August 2018. The loan was fully repaid in 2022.

Arab Bank Loan 3

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 is JD 250,000 bearing annual interest rate of 2%. the loan is 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 will be due on December 2023.

Arab Bank Loan 4

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 24 monthly installments. First installment was due on 1 April 2022 and the last installment will be due on April 2023.

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(16) OTHER INCOME

	<u>2022</u>	<u>2021</u>
	JD	JD
Interest income	351,183	216,840
Others*	1,404,785	1,235,681
	<u>1,755,968</u>	<u>1,452,521</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. In addition, this item also includes JD 200,000 which represents the revenues earned from waiving Queen Rania Foundation loan.

(17) OPERATING PROJECTS EXPENSES

	<u>2022</u>	<u>2021</u>
	JD	JD
Projects expenses	4,725,711	1,045,472
Salaries, social security and health insurance	3,713,743	4,043,791
Travel and transportation	423,212	788,363
Hospitality	262,658	169,024
Activities events and exhibitions	187,262	841,421
Office supplies and stationery	183,999	211,653
Equipment and tools	175,320	480,021
Utilities	113,986	115,170
Service fees	101,851	18,841
Maintenance	98,007	91,081
Rent	86,635	102,622
Telephone expense	47,763	14,271
Professional fees	41,320	78,369
Fees	5,727	2,775
Insurance	3,425	7,537
Wages	405	112,767
Advertisement	-	28,230
Employee's training	-	21,146
Others	14,199	7,922
	<u>10,185,223</u>	<u>8,180,476</u>

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(18) ADMINISTRATIVE EXPENSES

	<u>2022</u>	<u>2021</u>
	JD	JD
Salaries, social security and health insurance	3,391,425	3,451,817
Projects expenses	857,058	559,255
Depreciation and amortization expense (note 5 & 6)	338,603	393,384
Wages	150,491	113,522
Advertisement	138,888	93,291
Utilities	130,015	147,110
Maintenance	126,984	125,319
Sales commission	95,622	60,461
Service fees	94,716	107,175
Activities events and exhibitions	75,509	123,137
Travel and transportation	66,534	57,148
Professional fees	51,300	56,419
Spoilage and damage	47,988	-
Deprecation for right-of-use assets (note 7)	45,808	22,652
Rent	39,573	47,030
Hospitality	29,773	17,130
Shipping and freight	25,553	17,410
Bank and governmental Fees	23,276	61,419
Office supplies and stationery	19,809	72,396
Insurance	17,050	11,338
Packaging and labels	14,564	10,212
Lawsuit expense	13,694	21,066
Telephone expense	8,746	8,158
Equipment and tools	1,035	6,569
Provision for expected credit losses (note 9)	-	50,000
Provision for slow moving inventory (note 8)	-	32,497
Employee Training	-	108
Others	131,185	135,887
	<u>5,935,199</u>	<u>5,801,910</u>

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(19) 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.

Balances with related parties included in the consolidated financial statements are as follows:

Statement of financial position:

	<u>2022</u> JD	<u>2021</u> JD
Loan from Queen Rania Foundation *	-	200,000

* On 5 July 2021, the Group signed an agreement with Queen Rania Foundation to provide the Group with a loan amounting to JD 200,000 to support its operations. The loan does not bear interest and is repayable upon demand. The loan was waived on 7 April 2022 upon Queen Rania Foundation request (note 16).

(20) 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.

(21) 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 2022 and 2021, with all other variables held constant.

2022 -	<u>Increase in interest rate</u> Point	<u>Effect on surplus for the year</u> JD
Currency JD	100	41,425
2021 -	<u>Increase in interest rate</u> Point	<u>Effect on deficit for the year</u> JD
Currency JD	100	(49,737)

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

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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.

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 2022 and 2021 based on contractual payment dates and current market interest rates:

	Less than 1 year	More than 1 year	Total
31 December 2022	JD	JD	JD
Trade and other payables	628,538	-	628,538
Lease liabilities	28,560	53,560	82,120
Bank loan	88,318	-	88,318
	<u>745,416</u>	<u>53,560</u>	<u>798,976</u>
	Less than 1 year	More than 1 year	Total
31 December 2021	JD	JD	JD
Trade and other payables	504,152	-	504,152
Lease liabilities	25,000	-	25,000
Loan from Queen Rania Foundation	200,000	-	200,000
Bank loan	137,467	76,338	213,805
	<u>866,619</u>	<u>76,338</u>	<u>942,957</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.

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(22) CONTINGENCIES AND COMMITMENTS

- 1) At 31 December 2022, the Group had outstanding letters of guarantee amounting to JD 800,240 (31 December 2021: JD 666,768) against cash margins of JD 80,024 (31 December 2021: JD 66,677).
- 2) At 31 December 2022, the Group was a defendant in a number of lawsuits which amounted to JD 56,710 (31 December 2021: JD 56,710). The Group recorded a provision for other commitments against these lawsuits for JD 34,760 (note 12).

(23) 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, bank loans, lease liabilities and some other current liabilities.

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

(24) 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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. 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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, 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.

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.

The amendments are not expected to have a material impact on 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 for annual reporting periods beginning on or after 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.