

# **Petra Education Company**

**Public Shareholding Company**

**Financial Statements**

**31 December 2020**

**Petra Education Company**  
**Public Shareholding Company**

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**INDEPENDENT AUDITOR'S REPORT**

To The Shareholders of  
Petra Education Company  
Public Shareholding Company  
Amman – Jordan

**Opinion**

We have audited the financial statements of Petra Education Company (PSC), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

**(1) Provision for Expected Credit Loss**

Included in the accompanying financial statements at the end of the year 2020 financial assets totaling JOD (7,686,263), as the provision for the expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter include inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Financial Statements**

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report and we recommend the general assembly to approve it.

10 February 2021  
Amman - Jordan



  
**Arab Professionals**  
**Ibrahim Hammoudeh**  
License No. (606)

**Petra Education Company**  
**Public Shareholding Company**  
**Statement of Financial Position as at 31 December 2020**  
**(In Jordanian Dinar)**

|   | <u>Notes</u> | <u>2020</u>              | <u>2019</u>              |
|---|--------------|--------------------------|--------------------------|
| <b>Assets</b>                               |              |                          |                          |
| <b>Non - current assets</b>                 |              |                          |                          |
| Property and equipment                      | 3            | 38,769,377               | 39,014,349               |
| Projects under construction                 |              | 108,513                  | 658,102                  |
| <b>Total non-current assets</b>             |              | <b><u>38,877,890</u></b> | <b><u>39,672,451</u></b> |
| <b>Current assets</b>                       |              |                          |                          |
| Inventory                                   | 4            | 211,998                  | 154,730                  |
| Other current assets                        | 5            | 989,510                  | 1,087,670                |
| Accounts receivable                         | 6            | 4,928,182                | 4,513,416                |
| Financial assets measured at amortized cost | 7            | 1,500,000                | 1,500,000                |
| Checks under collection                     |              | 389,457                  | 599,169                  |
| Cash and cash equivalents                   | 8            | 4,364,252                | 4,236,302                |
| <b>Total current assets</b>                 |              | <b><u>12,383,399</u></b> | <b><u>12,091,287</u></b> |
| <b>Total assets</b>                         |              | <b><u>51,261,289</u></b> | <b><u>51,763,738</u></b> |
| <b>Equity and liabilities</b>               |              |                          |                          |
| <b>Equity</b>                               | 9            |                          |                          |
| Paid - in capital                           |              | 16,000,000               | 16,000,000               |
| Statutory reserve                           |              | 4,000,000                | 4,000,000                |
| Retained earnings                           |              | 22,532,621               | 20,314,198               |
| <b>Total equity</b>                         |              | <b><u>42,532,621</u></b> | <b><u>40,314,198</u></b> |
| <b>Liabilities</b>                          |              |                          |                          |
| <b>Non - current liabilities</b>            |              |                          |                          |
| Post-dated checks - long term               |              | -                        | 59,100                   |
| <b>Current liabilities</b>                  |              |                          |                          |
| Accounts payable                            | 10           | 2,347,568                | 2,721,819                |
| Post-dated checks - short term              |              | 59,100                   | 236,400                  |
| Unearned revenues                           | 11           | 2,997,486                | 4,236,695                |
| Other current liabilities                   | 12           | 3,324,514                | 4,195,526                |
| <b>Total current liabilities</b>            |              | <b><u>8,728,668</u></b>  | <b><u>11,390,440</u></b> |
| <b>Total liabilities</b>                    |              | <b><u>8,728,668</u></b>  | <b><u>11,449,540</u></b> |
| <b>Total Equity and liabilities</b>         |              | <b><u>51,261,289</u></b> | <b><u>51,763,738</u></b> |

"The attached notes from (1) to (27) form an integral part of these financial statements"

Petra Education Company  
Public Shareholding Company  
Statement of Comprehensive Income for the Year Ended 31 December 2020  
(In Jordanian Dinar)

|  | Notes | 2020                    | 2019                    |
|--|-------|-------------------------|-------------------------|
| Operational revenues                           | 13    | 24,061,873              | 26,928,832              |
| Operational costs                              | 14    | <u>(12,501,240)</u>     | <u>(13,230,067)</u>     |
| <b>Gross profit</b>                            |       | <b>11,560,633</b>       | <b>13,698,765</b>       |
| Administrative expenses                        | 17    | (3,560,832)             | (3,954,974)             |
| Depreciation                                   | 3     | (2,052,876)             | (1,941,432)             |
| Provision for expected credit loss             | 6     | (100,000)               | -                       |
| Donations to Himmat Watan Fund                 |       | (100,000)               | -                       |
| Other revenues and expenses, net               | 18    | 288,081                 | 704,323                 |
| Board of Directors' remunerations              |       | <u>(54,583)</u>         | <u>(55,000)</u>         |
| <b>Profit before income tax</b>                |       | <b>5,980,423</b>        | <b>8,451,682</b>        |
| Income tax expense                             | 22    | (1,300,000)             | (1,775,000)             |
| National contribution tax                      | 22    | <u>(62,000)</u>         | <u>(84,517)</u>         |
| <b>Total comprehensive income for the year</b> |       | <b><u>4,618,423</u></b> | <b><u>6,592,165</u></b> |
|  |       |                         |                         |
| <b>Basic and diluted earnings per share</b>    | 19    | <b><u>0.29</u></b>      | <b><u>0.41</u></b>      |

"The attached notes from (1) to (27) form an integral part of these financial statements"

**Petra Education Company**  
**Public Shareholding Company**  
**Statement of Changes in Equity for the Year Ended 31 December 2020**  
**(In Jordanian Dinar)**

|   | <u>Paid - in<br/>Capital</u> | <u>Statutory<br/>Reserve</u> | <u>Retained<br/>Earnings</u> | <u>Total</u>             |
|---|------------------------------|------------------------------|------------------------------|--------------------------|
| <b>Balance at 1 January 2020</b>        | <b>16,000,000</b>            | <b>4,000,000</b>             | <b>20,314,198</b>            | <b>40,314,198</b>        |
| Paid dividends                          | -                            | -                            | (2,400,000)                  | <b>(2,400,000)</b>       |
| Total comprehensive income for the year | -                            | -                            | 4,618,423                    | <b>4,618,423</b>         |
| <b>Balance at 31 December 2020</b>      | <b><u>16,000,000</u></b>     | <b><u>4,000,000</u></b>      | <b><u>22,532,621</u></b>     | <b><u>42,532,621</u></b> |
| <b>Balance at 1 January 2019</b>        | <b>16,000,000</b>            | <b>4,000,000</b>             | <b>17,722,033</b>            | <b>37,722,033</b>        |
| Paid dividends                          | -                            | -                            | (4,000,000)                  | <b>(4,000,000)</b>       |
| Total comprehensive income for the year | -                            | -                            | 6,592,165                    | <b>6,592,165</b>         |
| <b>Balance at 31 December 2019</b>      | <b><u>16,000,000</u></b>     | <b><u>4,000,000</u></b>      | <b><u>20,314,198</u></b>     | <b><u>40,314,198</u></b> |

"The attached notes from (1) to (27) form an integral part of these financial statements"

**Petra Education Company**  
**Public Shareholding Company**  
**Statement of Cash Flows for the Year Ended 31 December 2020**

(In Jordanian Dinar)

|   | 2020                    | 2019                    |
|---|-------------------------|-------------------------|
| <b>Operating activities</b>                             |                         |                         |
| Profit for the year before tax                          | 5,980,423               | 8,451,682               |
| Depreciation  | 2,052,876               | 1,941,432               |
| Board of Directors' remunerations                       | 54,583                  | 55,000                  |
| Provision for expected credit loss                      | 100,000                 | -                       |
| <b>Changes in working capital</b>                       |                         |                         |
| Checks under collection                                 | 209,712                 | (2,401)                 |
| Accounts receivable                                     | (514,766)               | (707,205)               |
| Inventory   | (57,268)                | 64,640                  |
| Other current assets                                    | 98,160                  | 68,212                  |
| Accounts payable  | (374,251)               | (28,393)                |
| Unearned revenues                                       | (1,239,209)             | (460,198)               |
| Post-dated checks                                       | (236,400)               | (236,400)               |
| Other current liabilities                               | (471,062)               | (105,970)               |
| Paid income tax   | (1,816,533)             | (1,904,000)             |
| <b>Net cash flows from operating activities</b>         | <u>3,786,265</u>        | <u>7,136,399</u>        |
| <b>Investing activities</b>                             |                         |                         |
| Property, equipment and projects under construction     | <u>(1,258,315)</u>      | <u>(2,861,494)</u>      |
| <b>Financing activities</b>                             |                         |                         |
| Paid dividends  | <u>(2,400,000)</u>      | <u>(4,000,000)</u>      |
| <b>Changes in cash and cash equivalents</b>             | 127,950                 | 274,905                 |
| Cash and cash equivalents at the beginning of the year  | <u>4,236,302</u>        | <u>3,961,397</u>        |
| <b>Cash and cash equivalents at the end of the year</b> | <u><b>4,364,252</b></u> | <u><b>4,236,302</b></u> |

"The attached notes from (1) to (27) form an integral part of these financial statements"



**Petra Education Company**  
**Public Shareholding Company**  
**Notes to the Financial Statements**  
**31 December 2020**

**(In Jordanian Dinar)**

**1 . General**

**Petra Education Company** was established and registered as a limited liability Company on 1 August 1990 at the Ministry of Industry and Trade under number (2308) and it was a university for females only, on 5 December 1999 the Company's name was changed to Petra Education Company and it became a university for both males and females starting from the academic year 1999/2000, on 22 September 2004 the Legal form of the Company was changed to a public shareholding company under number (353). The Company's head office is in the Hashemite kingdom of Jordan.

The Company's shares are listed in Amman Stock Exchange.

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 10 February 2021 and requires the General assembly's approval.

**2 . Summary of significant accounting policies**

**Basis of preparation**

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous year, except for the adoption of new and amended standards effective as at the beginning of the year.

**Adoption of new and revised IFRS standards**

The following standards have been published that are mandatory for accounting periods after 31 December 2020. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

| <b>Standard No.</b> | <b>Title of Standards</b> | <b>Effective Date</b> |
|---------------------|---------------------------|-----------------------|
| IFRS 17             | Insurance Contracts       | 1 January 2023        |

### Use of estimates

The preparation of the 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, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. 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.

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).
- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value.

### Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. 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 profit or loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

|                       |        |                               |       |
|-----------------------|--------|-------------------------------|-------|
| Buildings             | 2%     | Scientific equipment and labs | 10%   |
| Furniture and fixture | 10-25% | Electromechanical equipment   | 5-10% |
| Vehicles              | 15-20% | Others                        | 2-20% |

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.

### Projects under construction

Projects under construction are recorded at cost which represents the contractual obligations of the Company for the construction. Allocated costs directly attributable to the construction of the asset are capitalized. The Projects under construction is transferred to the appropriate asset category and depreciated in accordance with the Company's policies when construction of the asset is completed and commissioned.

### Financial assets at amortized cost

Financial assets at amortized cost are the financial assets which the company management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium\ discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the statement of profit or loss and should be presented subsequently at amortized cost less any impairment losses.

### **Fair Value**

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

### **Trading and Settlement Date Accounting**

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

### **Accounts receivables**

Accounts receivable are carried at original invoice amount less an estimate made for provision for expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### **Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the Cash flows statement, cash and cash equivalents comprise of cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

### **Inventory**

Cost of stationary and educational materials is determined by the weighted average method.

### **Accounts payable and accrued expenses**

Accounts payable and accrued expenses are recorded when goods are received and services are rendered.

### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the financial statement when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

### **Revenue recognition**

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Rent revenue is recognized on the straight line method over the contract period.

Other revenues are recognized according to the accrual basis.

### **Foreign Currency**

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of profit or loss.

### **Income Taxes**

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

### 3 . Property and equipment

|  | <b>Lands</b>            | <b>Buildings</b>         | <b>Furniture<br/>&amp; Fixtures</b> | <b>Vehicles</b>       | <b>Scientific<br/>Equipment<br/>&amp; Labs</b> | <b>Electromechanical<br/>Equipment</b> | <b>Others</b>         | <b>Total</b>             |
|--|-------------------------|--------------------------|-------------------------------------|-----------------------|--|--|-----------------------|--------------------------|
| <b>Cost</b>                                |                         |                          |                                     |                       |  |  |                       |                          |
| Balance at 1/1/2020                        | 8,292,832               | 25,448,250               | 4,848,189                           | 2,924,774             | 9,511,479                                      | 9,927,728                              | 1,966,248             | <b>62,919,500</b>        |
| Additions                                  | -                       | -                        | 192,023                             | -                     | 347,231  | -                                      | 17,188                | <b>556,442</b>           |
| Transfers form projects under construction | -                       | 421,691                  | -                                   | -                     | -  | 829,771                                | -                     | <b>1,251,462</b>         |
| Balance at 31/12/2020                      | <u>8,292,832</u>        | <u>25,869,941</u>        | <u>5,040,212</u>                    | <u>2,924,774</u>      | <u>9,858,710</u>                               | <u>10,757,499</u>                      | <u>1,983,436</u>      | <b>64,727,404</b>        |
| <b>Accumulated depreciation</b>            |                         |                          |                                     |                       |  |  |                       |                          |
| Balance at 1/1/2020                        | -                       | 3,696,555                | 3,488,192                           | 2,161,197             | 7,059,604                                      | 5,713,120                              | 1,786,483             | <b>23,905,151</b>        |
| Depreciation                               | -                       | 511,073                  | 157,430                             | 209,816               | 593,508  | 571,519                                | 9,530                 | <b>2,052,876</b>         |
| Balance at 31/12/2020                      | -                       | <u>4,207,628</u>         | <u>3,645,622</u>                    | <u>2,371,013</u>      | <u>7,653,112</u>                               | <u>6,284,639</u>                       | <u>1,796,013</u>      | <b>25,958,027</b>        |
| <b>Net book value at 31/12/2020</b>        | <b><u>8,292,832</u></b> | <b><u>21,662,313</u></b> | <b><u>1,394,590</u></b>             | <b><u>553,761</u></b> | <b><u>2,205,598</u></b>                        | <b><u>4,472,860</u></b>                | <b><u>187,423</u></b> | <b><u>38,769,377</u></b> |
| <b>Cost</b>                                |                         |                          |                                     |                       |  |  |                       |                          |
| Balance at 1/1/2019                        | 8,292,832               | 22,388,214               | 4,386,337                           | 2,714,774             | 9,204,166                                      | 8,730,496                              | 1,939,853             | <b>57,656,672</b>        |
| Additions                                  | -                       | -                        | 461,852                             | 238,000               | 308,313  | -                                      | 26,740                | <b>1,034,905</b>         |
| Transfers form projects under construction | -                       | 3,060,036                | -                                   | -                     | -  | 1,197,232                              | -                     | <b>4,257,268</b>         |
| Disposals                                  | -                       | -                        | -                                   | (28,000)              | (1,000)  | -                                      | (345)                 | <b>(29,345)</b>          |
| Balance at 31/12/2019                      | <u>8,292,832</u>        | <u>25,448,250</u>        | <u>4,848,189</u>                    | <u>2,924,774</u>      | <u>9,511,479</u>                               | <u>9,927,728</u>                       | <u>1,966,248</u>      | <b>62,919,500</b>        |
| <b>Accumulated depreciation</b>            |                         |                          |                                     |                       |  |  |                       |                          |
| Balance at 1/1/2019                        | -                       | 3,222,956                | 3,349,459                           | 1,983,632             | 6,462,344                                      | 5,199,397                              | 1,774,151             | <b>21,991,939</b>        |
| Depreciation                               | -                       | 473,599                  | 138,733                             | 205,564               | 597,433  | 513,723                                | 12,380                | <b>1,941,432</b>         |
| Disposals                                  | -                       | -                        | -                                   | (27,999)              | (173)  | -                                      | (48)                  | <b>(28,220)</b>          |
| Balance at 31/12/2019                      | -                       | <u>3,696,555</u>         | <u>3,488,192</u>                    | <u>2,161,197</u>      | <u>7,059,604</u>                               | <u>5,713,120</u>                       | <u>1,786,483</u>      | <b>23,905,151</b>        |
| <b>Net book value at 31/12/2019</b>        | <b><u>8,292,832</u></b> | <b><u>21,751,695</u></b> | <b><u>1,359,997</u></b>             | <b><u>763,577</u></b> | <b><u>2,451,875</u></b>                        | <b><u>4,214,608</u></b>                | <b><u>179,765</u></b> | <b><u>39,014,349</u></b> |

**4 . Inventory**

This item represents cost of educational materials and stationery for educational purposes.

**5 . Other current assets**

|                                | 2020           | 2019             |
|--------------------------------|----------------|------------------|
| Prepaid expenses               | 708,847        | 679,825          |
| Employees receivable           | 12,751         | 62,521           |
| Margin on letters of guarantee | 49,384         | 49,696           |
| Refundable deposits            | 21,455         | 21,443           |
| Others                         | 197,073        | 274,185          |
|                                | <b>989,510</b> | <b>1,087,670</b> |

**6 . Accounts receivable**

|                                    | 2020             | 2019             |
|------------------------------------|------------------|------------------|
| Students receivables               | 5,145,865        | 4,222,576        |
| General receivables                | 632,317          | 1,040,840        |
| <b>Total</b>                       | <b>5,778,182</b> | <b>5,263,416</b> |
| provision for expected credit loss | (850,000)        | (750,000)        |
|                                    | <b>4,928,182</b> | <b>4,513,416</b> |

The movement on the provision for expected credit loss was as follow:

|                                  | 2020           | 2019           |
|----------------------------------|----------------|----------------|
| Balance at beginning of the year | 750,000        | 750,000        |
| Additions                        | 100,000        | -              |
|                                  | <b>850,000</b> | <b>750,000</b> |

The Company's management believes that all past due not impaired accounts receivable are collectable in full.

**7 . Financial assets measured at amortized cost**

This item represents the cost of the Company's investment in Muqarada bonds managed by the Islamic bank of Jordan.

**8 . Cash and cash equivalents**

|               | 2020             | 2019             |
|---------------|------------------|------------------|
| Cash at banks | 4,345,628        | 4,218,126        |
| Time deposits | 18,624           | 18,176           |
|               | <b>4,364,252</b> | <b>4,236,302</b> |

Time deposits mature within a month and earn Murabaha in accordance with the deposit's balance, duration and terms.

## 9 . Equity

### Paid-in capital

The Company's authorized, subscribed and paid - in capital is JOD (16) Million divided equally into (16) Million shares with par value of JOD (1) for each share as at 31 December 2020 and 2019.

### Statutory reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The Company stopped deducting the reserve when its balance reached 25% of the paid - in capital. The statutory reserve is not available for distribution to shareholders.

### Proposed dividends

- The Board of Directors will propose to the General Assembly in its meeting which will be held during 2021 to distribute (20%) cash dividends and (25%) stock dividends of the capital.
- The General Assembly has resolved in its meeting held on 2020 to distribute (15%) cash dividends to the shareholders.

## 10 . Accounts payable

|                   | 2020             | 2019             |
|-------------------|------------------|------------------|
| Students payables | 514,352          | 750,524          |
| General payables  | 1,833,216        | 1,971,295        |
|                   | <b>2,347,568</b> | <b>2,721,819</b> |

## 11 . Unearned revenues

This item represents unearned revenues related to the tuition fees will be earned next financial year.

## 12 . Other current liabilities

|  | 2020             | 2019             |
|--|------------------|------------------|
| Provision for income tax (Note 22)                   | 1,297,347        | 1,751,880        |
| Provision for vacations and end of service indemnity | 750,575          | 886,346          |
| Refundable students withholdings                     | 749,696          | 830,400          |
| Accrued expenses                                     | 226,969          | 313,438          |
| Social security withholdings                         | 90,319           | 98,699           |
| Students support fund                                | 62,176           | 46,562           |
| Board of Directors remuneration provision            | 54,583           | 55,000           |
| Employees payable                                    | 9,981            | 69,324           |
| Sundry withholdings                                  | 70,103           | 66,324           |
| Scientific research provision - scholarship          | -                | 55,485           |
| Sales tax withholdings                               | 5,153            | 14,493           |
| Students union withholdings                          | 7,612            | 7,575            |
|  | <b>3,324,514</b> | <b>4,195,526</b> |



**13 . Operational revenues**

|                   | 2020              | 2019              |
|-------------------|-------------------|-------------------|
| Tuition fees      | 18,988,509        | 20,198,904        |
| Registration fees | 3,335,923         | 3,782,887         |
| Services fees     | 1,399,074         | 1,955,230         |
| Transportations   | 114,806           | 753,248           |
| Dorm fees         | 111,841           | 134,473           |
| Graduation fees   | 111,720           | 104,090           |
|                   | <b>24,061,873</b> | <b>26,928,832</b> |

**14 . Operational costs**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Faculties expenses (Note 15)                   | 9,239,900         | 9,336,895         |
| Centers and administrations expenses (Note 16) | 3,136,340         | 3,783,172         |
| General and private accreditation fees         | 125,000           | 110,000           |
|  | <b>12,501,240</b> | <b>13,230,067</b> |

**15 . Faculties expenses**

|                                    | 2020             | 2019             |
|------------------------------------|------------------|------------------|
| Salaries, wages and other benefits | 7,870,809        | 7,894,769        |
| Social security                    | 806,832          | 759,241          |
| Military sciences                  | 205,314          | 247,185          |
| Computer supplies & labs           | 46,141           | 53,500           |
| Health & life insurance            | 171,272          | 161,056          |
| Stationery                         | 9,196            | 17,823           |
| Training & employment              | 22,029           | 38,437           |
| Others                             | 108,307          | 164,884          |
|                                    | <b>9,239,900</b> | <b>9,336,895</b> |

**16 . Centers and administrations expenses**

|                              | 2020             | 2019             |
|------------------------------|------------------|------------------|
| Centers and administrations  | 1,919,215        | 2,199,719        |
| Scientific research deanship | 1,047,814        | 1,409,407        |
| Library                      | 169,311          | 174,046          |
|                              | <b>3,136,340</b> | <b>3,783,172</b> |

**17 . Administrative expenses**

|                                    | 2020             | 2019             |
|------------------------------------|------------------|------------------|
| Salaries, wages and other benefits | 1,415,649        | 1,415,192        |
| Social security                    | 111,553          | 100,854          |
| Building maintenance               | 420,062          | 420,615          |
| Cleaning                           | 247,654          | 394,852          |
| Fuel                               | 205,925          | 186,757          |
| Daily workers' wages               | 114,915          | 137,043          |
| Electricity                        | 69,515           | 143,667          |
| Donations                          | -                | 10,000           |
| Maintenance supplies               | 51,243           | 97,081           |
| Governmental fees & subscriptions  | 66,201           | 94,258           |
| Health & life insurance            | 96,112           | 91,990           |
| Bank fees                          | 77,501           | 88,358           |
| Property tax                       | 86,338           | 86,338           |
| Maintenance                        | 91,014           | 75,114           |
| Professional fees                  | 70,981           | 74,627           |
| Stationary                         | 28,472           | 72,846           |
| Transportation                     | 71,717           | 72,868           |
| Board of trustees remunerations    | 65,000           | 65,000           |
| Telephone & mail                   | 42,183           | 41,869           |
| Water                              | 30,816           | 36,535           |
| Advertising                        | 22,279           | 31,240           |
| Agricultural supplies              | 35,757           | 31,144           |
| Hospitality                        | 28,895           | 30,957           |
| Insurance                          | 15,790           | 15,991           |
| Rent                               | 6,620            | 6,075            |
| Others                             | 88,640           | 133,703          |
|                                    | <b>3,560,832</b> | <b>3,954,974</b> |

**18 . Other revenues and expenses, net**

|  | 2020           | 2019           |
|--|----------------|----------------|
| Rent   | 84,070         | 275,500        |
| Training courses   | 75,531         | 173,899        |
| Profits from financial assets measured at amortized cost | 57,693         | 62,772         |
| Scholarships expenses recoveries                         | 989            | 14,348         |
| Murabaha from bank deposits                              | 448            | 294            |
| Bad debts recoveries                                     | 5,936          | 65,563         |
| Others   | 63,414         | 111,947        |
|  | <b>288,081</b> | <b>704,323</b> |

**19 . Basic and diluted earnings per share**

|                                   | 2020        | 2019        |
|-----------------------------------|-------------|-------------|
| Profit for the year after tax     | 4,618,423   | 6,592,165   |
| Weighted average number of shares | 16,000,000  | 16,000,000  |
|                                   | <b>0.29</b> | <b>0.41</b> |

**20 . Executive management remuneration**

The General Manager is not compensated any salaries for managing the Company.

**21 . Segment reporting**

The Company is engaged only in providing educational services and operates within the territory of the Hashemite Kingdom of Jordan.

**22 . Income tax**

The movements on provision for the income tax during the year were as follows:

|   | 2020             | 2019             |
|---|------------------|------------------|
| Balance at beginning of the year            | 1,751,880        | 1,796,363        |
| Income tax expense for the year             | 1,300,000        | 1,775,000        |
| National Contribution Tax                   | 62,000           | 84,517           |
| Paid income tax                             | (1,816,533)      | (1,904,000)      |
| <b>Balance at end of the year (Note 12)</b> | <b>1,297,347</b> | <b>1,751,880</b> |

The following is the reconciliation between declared profit and taxable profit:

|  | 2020             | 2019             |
|--|------------------|------------------|
| Declared profit                              | 5,980,423        | 8,451,682        |
| Non-deductible expenses                      | 505,421          | 403,161          |
| <b>Taxable profit</b>                        | <b>6,485,844</b> | <b>8,854,843</b> |
| Statutory and National Contribution Tax rate | 21%              | 21%              |
| Effective tax rate                           | 22%              | 21,2%            |

- The Company settled its tax liabilities with the Income Tax Department up to 2017.
- The income tax returns for the years 2018 and 2019 have been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- The Income and the National Contribution Tax provision for the year 2020 was calculated in accordance with the Income Tax Law.

## 23 . Contingent Liabilities

The Company is contingently liable with the following:

|                            | 2020    |
|----------------------------|---------|
| Letters of bank guarantees | 327,845 |
| Lawsuits                   | 312,845 |

## 24 . Fair Value of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, accounts receivable, financial securities and checks under collection. Financial liabilities of the Company include accounts payable and post-dated checks.

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

## 25 . Financial Risk Management

### Foreign currency

The management considers that the Company is not exposed to significant currency risk, As the majority of their transactions and balances are in Jordanian Dinar or US Dollar.

### Credit risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligations. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at date of the statement of financial position to the contractual maturity date.

| 2020                      | Less than<br>one year | More than<br>one year | Total             |
|---------------------------|-----------------------|-----------------------|-------------------|
| Post-dated checks         | 59,100                | -                     | 59,100            |
| Accounts payable          | 2,347,568             | -                     | 2,347,568         |
| Unearned revenues         | 2,997,486             | -                     | 2,997,486         |
| Other current liabilities | 3,324,514             | -                     | 3,324,514         |
|                           | <u>8,728,668</u>      | <u>-</u>              | <u>8,728,668</u>  |
| 2019                      | Less than<br>one year | More than<br>one year | Total             |
| Post-dated checks         | 236,400               | 59,100                | 295,500           |
| Accounts payable          | 2,721,819             | -                     | 2,721,819         |
| Unearned revenues         | 4,236,695             | -                     | 4,236,695         |
| Other current liabilities | 4,195,526             | -                     | 4,195,526         |
|                           | <u>11,390,440</u>     | <u>59,100</u>         | <u>11,449,540</u> |

**26 . Capital Management**

The Company's board of directors manages its capital structure with the objective of safeguarding the Company's ability to continue as an ongoing entity and providing an adequate return to shareholders by Investing Company's assets commensurately with the level of risk.

**27 . The Impact of the New Corona Pandemic (Covid-19)**

The outbreak of the new Corona virus (Covid-19) at the beginning of 2020 caused a global economic crisis and disrupted many companies and economic activities, which had negatively affect the financial position of the Company, the results of its operations and its cash flows.