

Politics and Society Institute (PSI)
(A Non- Profit Limited Liability Company)
Financial statements for the year ended December, 31 2022
Together with the Independent Auditor's Report

Politics and Society Institute (PSI)
(A Non – Profit Limited Liability Company)
Amman – The Hashemite Kingdome of Jordan

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Independents Auditor's Report

To the Shareholders of Politics and Society Institute (PSI)
(A Non-Profit Limited Liability Company)
Amman – The Hashemite Kingdome of Jordan

Opinion

We have audited the financial statements of **Politics and Society Instititue** (a limited liability company), which comprises the statement of financial position as at 31 December 2022, statements of comprehensive income, changes in owners' equity, 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 Politics and Society Institute (a limited liability company) 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 (IFRS).

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 (including International Independence Standards) (IESBA Code) together with the other ethical requirement that are relevant to our audit of the financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis of our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines necessary to

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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 operation, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that include 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.

Report of Politics and Society Instititue for the year ended 31 December 2022 (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 out 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

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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.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements and we recommend that the General Assembly to approve these financial statements.

Amman – The Hashemite Kingdom of Jordan

Firas Allan

May 3, 2022

Politics and Society Institute (PSI)
(A Non- Profit Limited Liability Company)
Amman – The Hashemite Kingdome of Jordan
Statement of Financial Position as at December 31, 2022

<u>Statement</u>	<u>Note</u>	2022 JOD	2021 JOD
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	3	1305	28756
Other receivables	4	<u>10800</u>	<u>000</u>
Total current assets		<u>12105</u>	<u>28756</u>
<u>Non-current assets</u>			
Properties and equipment, net	5	10953	6967
Total assets		<u>23058</u>	<u>35723</u>
<u>Liabilities and owner's equity</u>			
<u>Current liabilities</u>			
Payables		5496	524
Other Payables		1836	79
Receivables from related parties		<u>5182</u>	<u>5182</u>
Total current liabilities		<u>12514</u>	<u>5785</u>
Total liabilities		<u>12514</u>	<u>5785</u>
<u>Owners' equity and capital</u>			
Paid-up capital		1000	1000
Carried forward surplus (deficit)		<u>9544</u>	<u>28938</u>
Total owners' equity		<u>10544</u>	<u>29938</u>
Total liabilities and owners' equity		<u>23058</u>	<u>35723</u>

The accompanying notes constitute an integral part of these financial statements and should be read with them.

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Statement of Comprehensive Income for the Year Ended December 31, 2022

<u>Statement</u>	<u>Note</u>	<u>2022</u> <u>JOD</u>	<u>2021</u> <u>JOD</u>
Projects revenue		195905	107253
Projects cost		<u>(154624)</u>	<u>(63261)</u>
Total surplus in projects		41281	43992
Administrative expenses	6	<u>(60453)</u>	<u>(12858)</u>
Total (deficit) surplus for the year		<u>(19172)</u>	<u>31134</u>

The accompanying notes constitute an integral part of these financial statements and should be read with them.

Politics and Society Institute (PSI)
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Amman – The Hashemite Kingdome of Jordan
Statement of Changes in Owners' Equity for the Year Ended December 31, 2022

<u>Statement</u>	<u>Paid-up Capital</u> <u>JOD</u>	<u>Carried forward Surplus</u> <u>(Deficit)</u> <u>JOD</u>	<u>Total</u> <u>JOD</u>
Balance as at 1/1/2022	1000	28938	29938
Adjustments		(222)	(222)
Total surplus (deficit) for the year	<u>000</u>	<u>(19172)</u>	<u>(19172)</u>
Balance as at 31/12/2022	<u>1000</u>	<u>9544</u>	<u>10544</u>
Balance as at 1/1/2021	1000	(2196)	(1196)
Total surplus (deficit) for the year	<u>000</u>	<u>31134</u>	<u>31134</u>
Balance as at 31/12/2021	<u>1000</u>	<u>28938</u>	<u>29938</u>

The accompanying notes constitute an integral part of these financial statements and
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Politics and Society Institute (PSI)
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Statement of Cash flows for the Year Ended December 31, 2022

<u>Statement</u>	2022 JOD	2021 JOD
<u>Cash flows from operating activities</u>		
Profit (loss) for the year	(19172)	31134
Adjustments		
Carried forward earnings differences	(222)	000
Depreciation	1165	708
Change in working capital		
Payables	4972	524
Other receivables	(10800)	2400
Other payables	1757	79
Net cash flows generated from (used in) operating activities	<u>(22300)</u>	<u>34845</u>
<u>Cash flows from investing activities</u>		
Increase in properties and equipment	<u>(5151)</u>	<u>(4395)</u>
Net cash flows generated from (used in) investing activities	<u>(5151)</u>	<u>(4395)</u>
<u>Cash flows from financing activities</u>		
Receivables form related parties	<u>000</u>	<u>(1797)</u>
Net cash flows generated from (used in) financing activities	<u>000</u>	<u>(1797)</u>
Net change in cash and cash equivalents	(27451)	28653
Net change in cash and cash equivalents at the beginning of the year	<u>28756</u>	<u>103</u>
Net change in cash and cash equivalents at the end of the year	<u>1305</u>	<u>28756</u>

The accompanying notes constitute an integral part of these financial statements and should be read with them.

Politics and Society Institute (PSI)
(A Non-Profit Limited Liability Company)
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Notes to the Financial Statements for the Year Ended December 31, 2022

1. General

Politics and Society Institute was established as non-profit limited liability company according to the Companies Law and it was registered under number (1291) on June 17, 2020 with a capital of JOD (1000) with a nominal value of 1 JOD per share.

Financial statements have been approved by the Company's management on May 3, 2023.

Key Company's purposes:

- Basic skills training
- Project management and marketing skills training
- Legal rights education and awareness
- Borrowing from banks

2. Significant Accounting Policies:

Basis of preparation of Financial Statements:

- Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- Financial statements have been prepared as per the historical cost convention, except for financial assets and liabilities that are stated at fair value.
- The reporting currency of the financial information is the Jordanian Dinar, which is the functional currency of the Institute.

Cash and cash equivalents

Cash and cash equivalents represent cash with banks and investments that can be liquidated to a specified amounts and have maturities of no more than three months without incurring the risk of value change.

Accounts and other receivables

Receivables are stated at cost after the provision for doubtful debts has been deducted. Receivables are written off if they cannot be collected by deducting them from the provision made for them, and the proceeds from the written-off receivables are added to revenue.

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Notes to the Financial Statements for the Year Ended December 31, 2022
Payables and accruals

Payables and accruals are recognized when goods and services are received by the Company, whether or not they have been claimed by the supplier.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the financial statements, 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.

Provisions

Provisions are recognized when the Company has an obligation (legal or actual) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured. Provisions are reviewed on the date of the financial statements and their value is adjusted based on the latest information available to the Company.

Income and expenses recognition

- Service revenue is recognized when the invoice is issued to the customer and the revenue can be reliably measured.
- Other income is recognized as per the accrual basis of accounting.
- Expenses are recognized as per the accrual basis of accounting.

Foreign currencies

- Transactions in foreign currencies made during the period are recorded at the rates of exchange prevailing at the date of the transactions.
- Balances of financial assets and financial liabilities are converted at the intermediate foreign transaction rates prevalent on the date of the statement of financial position and announced by the Central Bank of Jordan.

Use of Estimates

- Preparation of the financial statements and application of accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities, and to disclose potential liabilities.
- These estimates and judgments affect revenue, expenses, and provisions, in general; In particular, the Company's management requires judgments to be made to estimate the amounts and timing

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Notes to the Financial Statements for the Year Ended December 31, 2022

of future cash flows arising from the conditions and circumstances of those estimates in the future.

- These estimates are necessarily based on multiple assumptions and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

3. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Cash at banks	1007	<u>298</u>
Cash in hand	<u>298</u>	<u>373</u>
	<u>1305</u>	<u>28756</u>

4. Other receivables

	<u>2022</u>	<u>2021</u>
Accrued revenue	<u>10800</u>	<u>000</u>
	<u>10800</u>	<u>000</u>

5. Properties and equipment, net:

Cost	Furniture JOD	Electrical equipment JOD	Total JOD
Balance as at 1/1/2022	4752	3140	7892
Transfers	784	(784)	
Additions	<u>5151</u>	<u>000</u>	<u>5151</u>
Balance as at 31/12/2022	<u>10678</u>	<u>2356</u>	<u>13043</u>
Accumulated depreciation			
Balance as at 1/1/2022	382	543	925
	101	(101)	
general depreciation	<u>694</u>	<u>471</u>	<u>1165</u>
Balance as at 31/12/2022	<u>1177</u>	<u>913</u>	<u>2090</u>
Net carrying amount as at December 31, 2022	<u>9510</u>	<u>1443</u>	<u>10953</u>

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Notes to the Financial Statements for the Year Ended December 31, 2022

Cost			
Balance as at 1/1/2021	1902	1595	3497
Additions	<u>2850</u>	<u>1545</u>	<u>4395</u>
Balance as at 31/12/2021	<u>4752</u>	<u>3140</u>	<u>7892</u>
Accumulated depreciation			
Balance as at 1/1/2021	67	150	217
general depreciation	<u>315</u>	<u>393</u>	<u>708</u>
Balance as at 31/12/2021	<u>382</u>	<u>543</u>	<u>925</u>
Net carrying amount as at December 31, 2021	<u>4370</u>	<u>2597</u>	<u>6967</u>

6. Administrative expenses:

<u>Statement</u>	2022	2021
	JOD	JOD
Salaries and wages	12900	000
Social security	2102	000
Rentals	2849	4700
maintenance	882	16
Banking	336	229
Transportation	1178	1141
Professional fees	23692	681
Equipment rental and repair	000	70
Fees, licenses and subscriptions	558	467
Hospitality	1607	1226
Electricity	929	641
Design expenses	600	470
cleaning	1290	443
Consumables	1165	708
Phone and internet	2371	126
Advertising	2460	1248
Stationary	408	345
Supplies	000	151
Other	<u>5126</u>	<u>196</u>
Total	<u>60453</u>	<u>12858</u>

7. a) Financial instruments

- Financial assets include balances with bank and certain other receivables. Financial liabilities include accounts and other payables.
- The fair value of financial instruments is not materially different from the carrying amount of these instruments.

b) Price fluctuation risk

1) Foreign currency fluctuations

Most of the Company's transactions are in Jordanian dinars and US dollars, and since the exchange rate of the Jordan dinar is pegged at a fixed rate with the US dollar (0.71) JD and as determined by the Central Bank, there are no significant effects of fluctuations in foreign currency rates.

2) Interest rate risks

Interest rate risks arise from the probable impact of changes in interest rates on the Company's income or the fair value of financial instruments. Since most financial instruments carry a fixed interest rate and are carried at amortized cost, the sensitivity of the Company's profits and equity to changes in interest rates is considered immaterial.

c) Credit, liquidity, and cash flows risks

Credit risk represents the risk of the Company being exposed to a financial loss due to the failure of the customer or the party dealing with the Company in a financial instrument to fulfill its contractual obligations. These risks result mainly from trade and other receivables.

8. Comparative figures

Certain financial figures for the year 2021 were reclassified to match the financial figures for the year 2022, and the reclassification did not have any impact on the financial statements.

