

**Politics and Society Institute  
Limited Liability Company  
(Non-Profit Entity)  
Financial Statement as of  
31 December 2021**

With the Independent Auditor's Report

**Politics and Society Institute**

**Limited Liability Company**

**(Non-Profit Entity)**

Amman- The Hashemite Kingdom of Jordan

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**Mutarabitoon Auditors**  
**(Legal Accountants and Consultants)**

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**Independent auditor's report**

To M/S Politics and Society Institute LLC (non-profit entity)  
Amman- the Hashemite Kingdom of Jordan

**Opinion:**

We have audited the financial statements of Politics and Society Institute LLC, which consisted of the balance sheet as at 31 December 2021, and the statements of Comprehensive income, Changes in equity and the Cash flows for the financial year ended at the date aforementioned, and the Notes on the financial statements including a summary of the key accounting policies.

In our opinion, the financial statements show in fair presentation, from all material aspects, the financial position of Politics and Society Institute LLC as at the 31<sup>st</sup> of December 2021, and its financial performance and cash flows for the financial year ended at that date in accordance with the International Financial Reporting Standards.

**Base of opinion:**

We have audited in accordance the International Auditing Standards. Our responsibility under such standards which were mentioned in this report under the clause of "Responsibility of the Auditor" about auditing the financial statements. We are independent of the Company subject to the requirements of the Accountants' Ethical Conduct International Standards "Manual of the Professional Accountants' Ethical Conduct Rules" relevant to our audit of these financial statements, and we have fulfilled our ethical responsibility according to such requirements. In our belief, the evidences of audit we obtained were adequate and favorable to be a base on which we can rely in giving our opinion.

**Responsibly of management and officers for governance on the financial statements:**

Management shall be responsible for preparing these financial statements and presenting them fairly in accordance with the Financial Reporting International Standards, and also for developing an internal control system, deemed by management as necessary upon preparing the financial statements to evaluate the Company's ability to keep ongoing, and disclosing, as applicable, the issues related to the Company's continuity, and using the continuity principle in accounting unless the management intended to liquidate the Company or cease its operations, or there is no other reasonable alternative for that. The persons in charge of governance shall be responsible for supervising the process of preparing the Company's financial reports.

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**Responsibility of the auditor for auditing the financial statements:**

Our objective is to obtain reasonable assurance whether the financial statements as a whole were free from material errors, whether arising from fraud or fault, and to issue the audit report which contains our opinion about them.

Reasonable assurance is a high level of assurance, yet, the audit procedures we have followed in accordance with the Auditing International Standards do not ensure always the detection of material errors even if they were there.

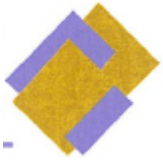
Errors may arise from fraud or by way of error, and shall be deemed material if they may individually or in total affect reasonably on the economic decisions of their users.

**And as part of the auditing process in accordance with the Auditing International Standards, we practice professional judgment and maintain the application of professional uncertainty principle in all aspects of auditing, in addition to:**

- Determine and assess the material errors risks in the financial statements, whether arising from fraud or error, and also design and implement audit procedures that respond to such risks, and obtain sufficient and favorable audit evidences to form the basis of our opinion. The risk of non-detecting any material errors resulting from a fraud is higher than that resulting from fault, moreover, fraud may imply collusion and forgery, intentional omission and misrepresentations, or overriding the internal control systems.
- Understand the internal control systems relating to auditing for the purposes of designing suitable audit procedures by the circumstances, and not for just giving an opinion about the efficiency of the Company's Internal Control Systems.
- Assess how the accounting policies practiced are appropriate and the reasonability of accounting estimates and relevant notes prepared by the management.
- Achieve a conclusion about how favorable is the use, by management, of continuity principle in accounting, and based on the audit evidences already obtained, whether there was material uncertainty related to events or circumstances that might give rise to considerable doubts about the ability of the Company to continue as an ongoing concern. So, if we concluded that there is material uncertainty, then we are required to draw the attention, in our audit report, to the relevant notes contained in the financial statements, or if the disclosure about such information

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- was insufficient, then we will have to modify our opinion. Anyhow, our conclusions depend on the audit evidences already obtained up to our audit-report date. Nevertheless, it's possible that future events or circumstances could cause the cessation of the Company operating as an ongoing concern.
- Assess the general presentation, structure and content of the financial statements, including the notes, and whether the financial statements truly represent the movements and events in a manner that would fulfill the fair presentation.

We contacted the people responsible for governance (inter alia) as regards the scope and timing of the audit planned and the important audit notes, including any important deficiency aspects in the internal control system identified during our auditing.

### **Report on legal requirements:**

The Company maintains duly organized accounting entries and records. And the financial statements attached are in match with them, and, we advise the general assembly to ratify them.

### **FIRAS ALLAN**

Charter # (966)

MUTARABITOON

(Signed and stamped)

**Politics and Society Institute**  
**Limited Liability Company**  
**(Non-Profit Entity)**  
Amman- The Hashemite Kingdom of Jordan  
**Statement of Financial Position as of 31 Dec 2021**

<u>Statement</u>	<u>Clarification</u>	<u>2021 Dinar</u>	<u>2020 Dinar</u>
<b><u>Assets</u></b>			
<b><u>Current assets</u></b>			
Cash and cash equivalents	3	28756	103
Other debit balances	4	000	2400
<b>Total current assets</b>		<b>28756</b>	<b>2503</b>
<b><u>Non-current assets</u></b>			
Net property and equipment	5	6967	3280
<b>Total Assets</b>		<b>35723</b>	<b>5783</b>
<b><u>Liabilities and Property Rights</u></b>			
<b><u>Current liabilities</u></b>			
Accounts payable		524	000
Other credit balances		79	000
Receivables from related parties		5182	6979
<b>Total current liabilities</b>		<b>5785</b>	<b>6979</b>
<b>Total liabilities</b>		<b>5785</b>	<b>6979</b>
<b><u>Capital and Property Rights</u></b>			
Paid capital		1000	1000
Rounded surplus (deficit)		28938	(2196)
<b>Total property rights</b>		<b>29938</b>	<b>(1196)</b>
<b>Total liabilities and property rights</b>		<b>35723</b>	<b>5783</b>

**Cash flows from investment operations**

The attached clarifications form part of these financial statements and should be read with them

**Politics and Society Institute**  
**Limited Liability Company**  
**(Non-Profit Entity)**

Amman- The Hashemite Kingdom of Jordan

Statement of Comprehensive Income for the fiscal year ending on 31 Dec 2021

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<b><u>Statement</u></b>	<b><u>Clarification</u></b>	<b><u>2021</u></b> <b><u>Dinar</u></b>	<b><u>Since Established on</u></b> <b><u>17/06/2020 to</u></b> <b><u>31/12/2020</u></b> <b><u>Dinar</u></b>
Projects Revenues		107253	000
Projects Cost		(63261)	000
<b>Total surplus in projects</b>		<b>43992</b>	000
Administrative expenses	6	(12858)	(2196)
<b>Total year surplus</b>		<b>31134</b>	<b>(2196)</b>

The attached clarifications form part of these financial statements and should be read with them

**Politics and Society Institute  
Limited Liability Company  
(Non-Profit Entity)**

Amman- The Hashemite Kingdom of Jordan

**Statement of Change in Property Rights Income for the fiscal year ending on 31 Dec 2021**

<u>Statement</u>	<u>Capital Paid in Dinars</u>	<u>Rounded surplus (deficit) Dinar</u>	<u>Total Dinar</u>
<b>Balance as of 1/1/2021</b>	<b>1000</b>	<b>(2196)</b>	<b>(1196)</b>
Total year's surplus (deficit)	000	31134	31134
<b>Balance as of 31/12/2021</b>	<b>1000</b>	<b>28938</b>	<b>29938</b>
Capital	1000	000	1000
Total year's deficit	000	(2196)	(2196)
<b>Balance as of 31/12/2020</b>	<b>1000</b>	<b>(2196)</b>	<b>(1196)</b>

The attached accompanying clarifications form part of these financial statements and should be read with them



**Politics and Society Institute  
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**Cash Flows Statement for the fiscal year ending on 31 Dec 2021**

<u>Statement</u>	<b>2021</b>	<b>Since Established on 17/06/2020 to 31/12/2020</b>
	<u>Dinar</u>	<u>Dinar</u>
<b><u>Cash flows from operational processes</u></b>		
Year's gain (loss)	31134	(2196)
<b>Adjustments</b>		
Depreciation	708	217
<b>Change in working capital</b>		
Payables	524	000
Other debit balances	2400	(2400)
Other credit balances	79	000
<b>Net cash flows from (used in) operational processes</b>	<b>34845</b>	<b>(4379)</b>
<b><u>Cash flows from investment operations</u></b>		
Increase in properties and equipment	(4395)	(3497)
<b>Net cash flows from (used in) investment operations</b>	<b>(4395)</b>	<b>(3497)</b>
<b><u>Cash flows from funding operations</u></b>		
Capital	000	1000
Receivables from related parties	(1797)	6979
<b>Net cash flows from (used in) funding operations</b>	<b>(1797)</b>	<b>7979</b>
<b><u>Net change in cash and cash equivalents</u></b>	<b>28653</b>	<b>103</b>
<b><u>Net cash and cash equivalents at the beginning of the year</u></b>	<b>103</b>	<b>000</b>
<b><u>Net cash and cash equivalents at the end of the year</u></b>	<b>28756</b>	<b>103</b>

The attached accompanying clarifications form part of these financial statements and should be read with them

**Politics and Society Institute  
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(Non-Profit Entity)**

Amman- The Hashemite Kingdom of Jordan

**Financial Statement clarification for the fiscal year ending on 31 Dec 2021**

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**1. General**

**Politics & Society Institute LLC** was established as non-profit company under the provisions of the companies' law and registered under # (1291) on 17 June 2020, with a capital of JD (1000) one thousand Jordanian dinars with par value of one JD each.

Financial statements were approved on 17 Mars, 2022 by the management.

**Some objectives:**

- Training on basic skills
- Training on management and marketing skills of projects
- Training and awareness -raising on legal rights.
- Borrowing from the banks.

**2. Key accounting policies:**

**Foundations for preparing the financial statements**

- Financial statements were prepared in accordance with the International Financial Reporting standards.
- Financial statements were prepared in accordance with the principle of historical cost, yet as for the financial assets and liabilities they appear in the fair value.
- Financial statements were prepared in JD which represents the base currency of the company.

**Cash and cash equivalents**

Cash and cash equivalents represent the cash in hand and at banks and in the investments monetizable to definite amounts, and with accruals not exceeding three months so that the risks of change in value are not involved.

**Other accounts receivable and debit balances**

Accounts receivable appear in cost after subtracting the bad debts, and the accounts are deleted in case it was not possible to collect them by discounting from the allowance maintained to them and the part collected of the deleted accounts are added to the revenues.

**Accounts payable and due amounts**

Accounts payable and due amounts are recognized upon receiving commodities and services by the company whether claimed for by the supplier or not.

**Set-off**

**Politics and Society Institute  
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**Financial Statement clarification for the fiscal year ending on 31 Dec 2021**

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Off-set shall be carried out between the financial assets and financial liabilities and showing the amount in net in the financial statements when the legal binding rights are there, and also when they are settled on the basis of set-off, or the realization of assets and settlement of liabilities occur at the same time.

**Allowances:**

Allowances shall be recognized when the Company has legal or actual liability resulting from past events, and repayment of liabilities is likely and can be reliably measured, however, allowances are revised and their value amended based on the last piece of information available to the Company.

**Realization of revenues and recognition of expenses:**

- Revenue coming from services shall be recognized upon billing the customer and when the revenues are reliably measured.
- Other revenues are realized according to the principal of accrual.
- Expenses are realized according to the principal of accrual.

**Foreign Currencies**

- Transactions made in foreign currency during the period are recorded at the prevailing exchange rates on the date of transactions
- Balances of financial assets and liabilities are transferred at the prevailing foreign exchange rates at the date of the financial position list announced by the Central Bank of Jordan

**Use of Estimations**

- The preparation of financial statements and the application of accounting policies require the company's management to make estimates and judgments that affect the amounts of financial assets and liabilities and disclosure of potential liabilities.
- These estimates and judgments also affect revenues, expenses and allocations. In particular, it requires the company's management to make important judgments to estimate the amounts and times of future flows and their times resulting from the conditions and circumstances of those estimates in the future.
- The mentioned estimates are essentially based on multiple hypotheses and factors with varying degrees of appreciation and uncertainty. Actual results may differ from estimations as a result of future changes in the conditions and circumstances of those allocations.

**Politics and Society Institute  
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**Financial Statement clarification for the fiscal year ending on 31 Dec 2021**

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**3. Cash and cash equivalents**

	<u>2021</u>	<u>2020</u>
Cash at banks	28383	91
Cash at the fund	373	12
	<u>28756</u>	<u>103</u>

**4. Other debit balances**

	<u>2021</u>	<u>2020</u>
Expenses paid in advance	000	2400
	<u>000</u>	<u>2400</u>

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**5. Net properties and equipment:**

<b>Cost</b>	<b>Furniture and Furnishing in Dinars</b>	<b>Electric installations In Dinars</b>	<b>Total in Dinars</b>
<b>Balance as of 1/1/2021</b>	1902	1595	3497
Additions	2850	1545	4395
<b>Balance as of 31/12/2021</b>	<b>4752</b>	<b>3140</b>	<b>7892</b>
<b>Accumulated depreciation</b>			
<b>Balance as of 1/1/2021</b>	67	150	217
General depreciation	315	393	708
<b>Balance as of 31/12/2021</b>	<b>382</b>	<b>543</b>	<b>925</b>
<b>Net book value as of 31 Dec 2021</b>	<b>4370</b>	<b>2597</b>	<b>6967</b>
<b>Additions</b>	<b>1902</b>	<b>1595</b>	<b>3497</b>
<b>Balance as of 31/12/2020</b>	<b>1902</b>	<b>1595</b>	<b>3497</b>
<b>Accumulated depreciation</b>			
General depreciation	67	150	217
<b>Balance as of 31/12/2020</b>	<b>67</b>	<b>150</b>	<b>217</b>
<b>Net book value as of 31 Dec 2020</b>	<b>1835</b>	<b>1445</b>	<b>3280</b>

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Amman- The Hashemite Kingdom of Jordan

**Financial Statement clarification for the fiscal year ending on 31 Dec 2021**

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**6. Administrative Expenses**

<b><u>Statement</u></b>	<b><u>2021</u></b>	<b><u>Since Established on 17/06/2020 to 31/12/2020</u></b>
Fees, licenses and subscriptions	000	283
Rentals	4700	800
Maintenance	16	130
Banking	229	9
Transfers	1141	350
Professional fees	681	350
Rent and repair of equipment	70	000
Governmental	467	000
Hospitals	1226	000
Design expenses	641	000
Hospitality and hygiene	470	000
Depreciation	443	57
Phone and internet	708	217
Advertisement and publicity	126	000
Stationary	1248	000
Supplies	345	000
Others	151	000
<b>Total</b>	<b>196</b>	<b>000</b>
	<b><u>12858</u></b>	<b><u>2196</u></b>

**Politics and Society Institute  
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**Financial Statement clarification for the fiscal year ending on 31 Dec 2021**

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**7. A) Financial Instruments**

- Financial assets consist of bank balances and some other debit balances, and financial liabilities consist of receivables and some other credit balances
- The fair value of financial instruments is not materially different from the book value of these instruments

**B) Risk of price fluctuations**

**1) Foreign exchange fluctuations**

The majority of the Company's transactions are in Jordanian dinar or US dollar, and since the dinar exchange rate is pegged to a fixed rate with USD equal to USD (0.71) JD, and as set by the Central Bank, there are no material effects of foreign exchange fluctuations.

**2) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the Company's profit and the fair value of financial instruments. Since most financial instruments carry a fixed interest rate and are stated at amortized cost, the sensitivity of the company's earnings and equity to change in interest rates is immaterial.

**C) Credit, liquidity and cash flow risks**

Credit risk represents the risk that the company will incur a financial loss as a result of the failure of the customer or the party dealing with the company with a financial instrument to fulfill its contractual obligations, and these risks arise mainly from trade and other receivables.

**8. Comparative figures**

Some financial figures have been reclassified for year 2020 to match the financial numbers of year 2021