



شركة كهرباء إربد م.ع.م
Irbid District Electricity Co. Ltd.



الرقم : 8294 / 014 / 003 / 001
التاريخ : 2020/ 06 / 11

السادة / هيئة الأوراق المالية
فاكس 06/5686830

الموضوع : البيانات المالية لعام 2019

لاحقاً لكتابنا رقم 6014/14/3/1 تاريخ 2020/3/16 والذي تم بموجبه الإفصاح عن البيانات المالية المدققة باللغة العربية ، مرفق طيه البيانات المالية المدققة باللغة الانجليزية لشركة كهرباء محافظة اربد المساهمة العامة المحدودة للسنة المنتهية في 2019/12/31 .
واقبلوا الاحترام

/ المدير العام
مساعد المدير العام للشؤون المالية
فايز القواسمة

شركة كهرباء إربد
Irbid Electricity
شركة كهرباء محافظة إربد م.ع.م

نسخة/ مدير النشرة المالية /
نسخة/ قسم المساهمين /
نسخة/ رئيس قسم الادارة التقنية والتقارير /

بورصة عمان
الدائرة الإدارية والمالية
الديوان

١٥ حزيران ٢٠٢٠

١٩٤٥

31010

9999611

الرقم المتسلسل:

رقم الملف:

الجهة المختصة:



Irbid - Jordan | Phone +962 2 7201500 , +962 2 7201555 | Fax. +962 2 7245495 | P O Box (46) Zip Code 21110
Email: Ideco@IDECO.com.jo | Website: www.IDECO.com.jo

IRBID DISTRICT ELECTRICITY COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Irbid District Electricity Company - Public Shareholding Company
Irbid – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Irbid District Electricity Company - Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2019, 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 2019, 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 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 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.

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 for 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. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Revenue recognition (Tariff)

Disclosures on revenue recognition are included in Note 31 to the financial statements.

Key Audit matter

We identified electricity power sales revenue as a key audit matter due to high volume of sales revenue originated from electricity power sales to subscribers. The significant risks associated with the measurement and accuracy of recognized revenues are related to billing systems and revenue recognition. Total revenues recognized during 2019 amounted to JD 261,472,910.

How the key audit matter was addressed in the audit

Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Accounting Standards. We have tested the Company's internal controls over the completeness, measurement and occurrence of revenue recognized including reconciliations between sales, cash receipts and testing the billing system controls. We obtained a representative sample of transactions and tested proper recording and recognition. In addition, we selected a sample at the cutoff period to check proper recognition. Additionally, we performed substantive analytical procedures for the gross margin and sales revenues on a monthly basis.

2. Provision of Expected Credit Losses

Disclosures on provision of Expected Credit Losses are included in Note 9 to the financial statements.

Key Audit matter

Judgment is required to assess the appropriate level of provisioning for expected credit losses. The Company has large number of diversified subscribers, households and companies, which increases the risk of collectability for these receivables. The Company implements the simplified approach of the IFRS 9 to estimate Expected Credit Losses (ECL). The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors and the economic environment.

How the key audit matter was addressed in the audit

Our audit procedures included the following:

- Obtaining from management the calculation of ECL as at year end and reviewing it.
- Testing the inputs and other information used in calculating ECL.
- Assessing the reasonableness of the ECL calculation prepared by management in compliance with the simplified approach of IFRS 9.

3. Provision for employees' end-of-service indemnity

Disclosures on the provision for end-of-service indemnity are included in Note 14 to the financial statements.

Key Audit matter

Judgment is required to assess the appropriate level of provisioning for employees' end-of-service indemnity. This area was important to our audit because of the magnitude of the amount, the judgment involved and technical expertise required to determine the provision for employees' end-of-service indemnity amount.

How the key audit matter was addressed in the audit

Our procedures included, evaluating the actuarial assumptions and valuation methodologies used by the actuarial to assess the Company's end-of-service obligations. We also assessed whether the key actuarial assumptions are reasonable including the adequacy of provision for end-of-service indemnity including provision recalculation.

Other information included in The Company's 2019 Annual Report

Other information consists of the information included in The Company's 2019 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

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 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.

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 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 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 exist, 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Issam Barkawi; license number 591.

Amman – Jordan
12 March 2020



IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
ASSETS			
NON-CURRENT ASSETS -			
Property and equipment	3	122,652,027	115,336,750
Subscribers' and rural files contributions assets	4	79,817,831	74,647,656
Dispute lawsuits payments	5	52,889	69,671
Right of use assets	2	636,600	-
Projects in progress	6	18,064,517	16,791,323
Strategic inventories	8	7,168,761	4,352,185
Deferred tax assets	21	1,612,523	1,310,070
Financial assets at fair value through other comprehensive income	7	286,719	286,719
		<u>230,291,867</u>	<u>212,794,374</u>
CURRENT ASSETS -			
Accounts receivable	9	138,076,595	186,686,483
Other current assets		4,075,465	7,272,627
Inventories	8	2,769,248	3,624,123
Cash and bank balances	10	23,879	302,895
		<u>144,945,187</u>	<u>197,886,128</u>
Total Assets		<u>375,237,054</u>	<u>410,680,502</u>
EQUITY AND LIABILITIES			
EQUITY -			
	11		
Paid-in-capital		8,000,000	8,000,000
Statutory reserve		2,210,264	2,210,264
Voluntary reserve		638,778	638,778
Retained earnings		4,530,539	6,978,008
Total equity		<u>15,379,581</u>	<u>17,827,050</u>
LIABILITIES -			
NON-CURRENT LIABILITIES			
Subscribers' and rural files contributions liabilities	4	79,817,831	74,647,656
Long-term lease liability	2	485,753	-
Advances from subscribers	12	9,509,754	9,348,598
Excess of subscribers' contributions	13	348,807	619,491
Provision for end-of-service indemnity	14	4,469,649	4,122,095
Long-term loan	15	18,666,670	21,777,780
Subscribers' deposits	16	49,094,374	45,578,997
		<u>162,392,838</u>	<u>156,094,617</u>
CURRENT LIABILITIES			
Accounts payable	17	143,781,215	187,048,440
Current portion from long-term loan	15	3,111,110	3,111,110
Accrued expenses		1,734,993	1,582,769
Short-term lease liability	2	141,256	-
Other current liabilities	18	8,425,298	8,430,440
Bank overdrafts	19	37,263,047	32,404,823
Excess of subscribers' contributions	13	270,685	270,685
Other provisions	20	1,566,830	1,383,618
Income tax provision	21	1,170,201	2,526,950
		<u>197,464,635</u>	<u>236,758,835</u>
Total Liabilities		<u>359,857,473</u>	<u>392,853,452</u>
Total Equity and Liabilities		<u>375,237,054</u>	<u>410,680,502</u>

The attached notes from 1 to 36 form an integral part of these financial statements

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
Electricity power sales		261,472,910	254,975,102
Cost of electricity power sales		(219,979,701)	(212,631,240)
Gross profit	23	41,493,209	42,343,862
Other operating (expenses) revenues, net	24	(309,675)	2,219,817
General and administrative expenses	25	(23,548,555)	(23,476,106)
Depreciation and amortization	26	(9,725,945)	(9,160,171)
Provision for slow moving inventories	8	(277,337)	(930,839)
Operating profit from core activities		7,631,697	10,996,563
Revenue from non-core activities	28	5,089,719	3,935,979
Interest income on late payments		6,241,178	7,526,844
Non-core activities expenses	29	(2,756,040)	(1,173,069)
Finance costs		(4,061,846)	(3,281,020)
Interest expense on late payments		(7,200,159)	(10,008,214)
Loss from non-core activities		(2,687,148)	(2,999,480)
Profit before income tax		4,944,549	7,997,083
Income tax expense	21	(1,392,018)	(2,317,080)
Profit for the year		3,552,531	5,680,003
Other comprehensive income		-	-
Total comprehensive income for the year		3,552,531	5,680,003
		JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the year	30	0/444	0/710

The attached notes from 1 to 36 form an integral part of these financial statements

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Paid-in- capital	Statutory reserve	Voluntary reserve	Retained earnings	Total equity
	JD	JD	JD	JD	JD
2019 -					
Balance at 1 January 2019	8,000,000	2,210,264	638,778	6,978,008	17,827,050
Total comprehensive income for the year	-	-	-	3,552,531	3,552,531
Dividends distribution (note 11)	-	-	-	(6,000,000)	(6,000,000)
Balance at 31 December 2019	<u>8,000,000</u>	<u>2,210,264</u>	<u>638,778</u>	<u>4,530,539</u>	<u>15,379,581</u>
2018 -					
Balance at 1 January 2018	8,000,000	2,210,264	638,778	6,898,005	17,747,047
Total comprehensive income for the year	-	-	-	5,680,003	5,680,003
Dividends distribution (note 11)	-	-	-	(5,600,000)	(5,600,000)
Balance at 31 December 2018	<u>8,000,000</u>	<u>2,210,264</u>	<u>638,778</u>	<u>6,978,008</u>	<u>17,827,050</u>

The attached notes from 1 to 36 form an integral part of these financial statements

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit for the year before income tax		4,944,549	7,997,083
Adjustments for:			
Loss (gain) on disposal of property and equipment		490,715	(7,514)
Interest income		(21)	(27)
Interest income on late payments		(6,241,178)	(7,526,844)
Interest expense		4,061,846	3,281,020
Interest expense on late payments		7,200,159	10,008,214
Provision for end-of- service indemnity		500,000	1,394,819
Depreciation and amortization		9,851,269	9,271,712
Right of use assets depreciation		100,515	-
Lease liability finance cost		51,227	-
Provision for slow moving inventories		277,337	930,839
Provision for expected credit losses		1,063,629	1,445,950
Excess of subscribers' contributions		(270,685)	(270,685)
Other provisions		155,458	173,204
Working capital changes:			
Inventories		(1,687,404)	1,719,392
Accounts receivable		53,787,437	(48,039,366)
Other current assets		3,156,831	(2,554,246)
Advances from subscribers		11,082,236	8,556,181
Subscribers' deposits		3,515,377	4,259,043
Accounts payable		(50,467,384)	53,711,875
Accrued expenses and other current liabilities		446,702	(5,642)
End-of-service indemnity paid		(318,895)	(529,333)
Other provisions paid		(19,236)	(34,106)
Income tax paid		(3,051,220)	(2,094,355)
Net cash flows from operating activities		38,629,264	41,687,214
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment		(15,928,393)	(19,446,203)
Dispute lawsuits payments		(10,695)	(17,149)
Projects in progress		(15,470,273)	(14,293,117)
Proceeds from sale of property and equipment		1,236,413	183,084
Interest income received		21	27
Net cash flows used in investing activities		(30,172,927)	(33,573,358)
<u>FINANCING ACTIVITIES</u>			
Repayments of long-term loan		(3,111,110)	(3,111,110)
Dividends paid to shareholders		(6,275,501)	(5,617,587)
Interest paid		(4,085,966)	(3,272,940)
Lease liability and finance cost payments		(121,000)	-
Net cash flows used in financing activities		(13,593,577)	(12,001,637)
Net decrease in cash and cash equivalents		(5,137,240)	(3,887,781)
Cash and cash equivalents at beginning of the year		(32,101,928)	(28,214,147)
Cash and cash equivalents at end of the year	10	(37,239,168)	(32,101,928)

The attached notes from 1 to 36 form an integral part of these financial statements

(1) GENERAL

Irbid District Electricity Company (the "Company") was established in 1957 as a public shareholding company and registered in the Ministry of Industry and Trade under the registration number (17) on 27 February 1964.

During 2008 and under the privatization initiative of the electric sector, the government of the Hashemite Kingdom of Jordan has resolved to sell its entire ownership of 55.4% in the Company's capital to Kingdom Electricity Company. During 2009, Kingdom Electricity Company sold its full share in the Company's capital to Electricity Distribution Company Public Shareholding Company.

The main activities of the Company are to distribute electric power and to provide it to retail consumers who live in the north of Jordan (Irbid, Jerash, Ajloun and Mafrq), in accordance with the distribution license granted to the Company on 30 June 2008 for 25 years.

The Company's financial statements are consolidated with the financial statements of Electricity Distribution Company, Public Shareholding Company (Parent Company) and with Social Security Corporation (Ultimate Parent).

The financial statements have been approved by the Board of Directors in their meeting held on 12 March 2020. The financial statements require the approval of Company's General Assembly.

(2-1) BASIS OF PREPARATION

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

The financial statements are prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income that have been measured at fair value at the date of the financial statements.

The financial statements are presented in Jordanian Dinars ("JD"), which is the functional currency of the Company.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018 except for that the Company adopted these changes starting from 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	1 January 2019 JD
	<hr/>
Assets	
Right of use assets	737,115
Prepayments	(40,333)
Current liabilities	
Short-term lease liabilities	117,826
Non-current liabilities	
Long-term lease liabilities	578,956
Net impact on equity	<hr/> <hr/> -

a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of plant, equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

• *Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and operating lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
Operating lease commitments as at 31 December 2018	1,420,712
Less: Commitments relating to low value and short-term leases	(518,712)
Undiscounted operating lease commitments at 1 January 2019	902,000
Weighted average incremental borrowing rate as at 1 January 2019	8%
Discounted operating lease commitments at 1 January 2019	696,782
Lease liabilities as at 1 January 2019	<u>696,782</u>

b) Amounts recognised in the statement of financial position and statement of comprehensive income:

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

	Right of use assets	Lease Liabilities*
	Buildings	
	JD	JD
At 1 January 2019	737,115	696,782
Depreciation	(100,515)	-
Finance costs	-	51,227
Payments	-	(121,000)
At 31 December 2019	<u>636,600</u>	<u>627,009</u>

* Lease liabilities details as at 31 December 2019 are as follows:

Short term	Long term	Total
<u>141,256</u>	<u>485,753</u>	<u>627,009</u>

The Company recognised rent expense from short-term leases and of low-value assets of JD 1,343,674 for the year ended 31 December 2019.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Interpretation did not have an impact on the Company's financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments do not have any impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

These amendments do not have any impact on the Company's financial statements.

(2-3) SIGNIFICANT ACCOUNTING POLICES

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria's are met. Repair and maintenance expenses are recognized in the statement of comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (lands are not depreciated) using annual percentages as follows:

	<u>%</u>
Buildings	2
Hangers	4
Vehicles parking shade covers	10
Buildings improvements	33
Underground cables	3
Air networks	5
Meters and transformers	7
Tools and equipment	20
Vehicles	15
Furniture and fixture	9
Elevators and air conditioners	10
Communication tools	12
Computers equipment and systems	20

Property and equipment are depreciated using the previously mentioned rates after excluding fully depreciated property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from derecognising of the asset are included in the statement of comprehensive income when the asset is derecognised.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Subscribers' contributions assets and liabilities

These assets are stated separately based on the Energy and Minerals Regulatory Commission ("EMRC") regulations under non-current assets, with a similar contra liability account under non-current liabilities with the same amount.

Subscriber's contributions assets are depreciated on a straight-line basis at 4% annually and the liability is amortized using the same rate as well, thus it does not affect the financial performance of the Company.

Rural fils assets

This item represents the infrastructure assets to distribute electric power to rural areas which are classified as non-current assets, with a similar contra liability account classified as non-current liabilities with the same amount based on EMRC regulations.

Rural fils assets are depreciated on a straight line basis at 4% annually, and the liability is amortized using the same rate as well, thus it does not affect the financial performance of the Company.

Dispute lawsuits payments

This item represents payments made to locals as compensations for damages caused to their properties as a result of passing electrical lines through or any other damages to their properties; this account is amortized at 10% annually based on EMRC regulations.

Projects in progress

Project in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Project in progress are not depreciated until they became available for use.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the statement of comprehensive income and in the statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings.

These assets are not subject to impairment testing and the dividends are recorded in the statement of comprehensive income.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the capital company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Inventories

Inventories are valued at the lower of cost (weighted average costing) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Accounts Receivable

Accounts receivable are stated at original invoice amount less provision for expected credit losses using the simplified approach. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and at banks, net of outstanding bank overdrafts.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

End-of-service indemnity provision

End-of-service indemnity provision is recognized when there are commitments on the Company to pay end-of-service indemnity to employees. Company is committed only when there is a separate and detailed plan. Provision is calculated based on the number of employees at the financial statements date and in accordance with the internal policies and IAS 19. This provision is recorded on the basis of the present value of estimated cash flows using an interest rate that represents the interest rates on government bonds.

Accounts payable and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, or whether billed by the supplier or not.

Provisions

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

Income taxes and deferred taxes

Income tax provision was calculated for the year ended 31 December 2019 in accordance with the Income Tax Law No. (38) for the year 2018 and for the year ended 31 December 2018 in accordance with the Income Tax Law No. (34) for the year 2014 and in accordance with International Accounting Standard (IAS 12) which states that the deferred taxes resulting from the differences between the accounting and tax value of assets and liabilities, and their carrying amounts to be recorded in the statement of comprehensive income in accordance with the Income Tax Law No. (34) for the year 2014.

Deferred tax is provided on temporary differences at each reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Revenue recognition

Revenue is recognized in accordance with IFRS 15, which includes the 5-step approach where power sales revenues are recognized when power are consumed by customers and reliably measured.

Revenues are recognized upon rendering services and issuance of invoice.

Dividends are recognized when the shareholders' right to receive payment is established.

Interest income is recognized as interest accrues using the effective interest rate method.

Rental income is recognized on a straight-line basis over the lease term as other income.

Revenues and expenses from rural fils projects are recognized in the same year the projects are completed.

Revenue form excess of subscriber's payment on completed projects is recognized on straight line basis using annual rate of 4% and its included as other revenues and revenues from non-core activities.

Other revenues are recognized on accrual basis.

Leases

Company as a lessee -

The Company 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 Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company recognises 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 liabilities.

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

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

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date 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 liabilities 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 Company 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. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

The Company 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 Company has the option, under some of its leases to lease the assets for additional terms. The Company 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 Company 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 Company included the renewal period as part of the lease term for leases of plant and machinery 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.

Company as a lessor -

Operating lease revenue from investment properties are recognized as other income in the statement of comprehensive income on a straight-line basis over the lease term.

Foreign currency

Foreign currency transactions recorded at the rate applicable on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the statement of financial position date. All differences are recognized on the statement of comprehensive income.

Segments information

For the purpose of reporting to management and the decision makers in the Company, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but are disclosed when an inflow of economic benefit is possible.

(2-4) SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. 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.

Significant accounting judgment, estimates and assumptions used in the financial statements are as follow:

- Allowance for expected credit loss on receivables is reviewed in accordance with the simplified approach and under the principles and assumptions approved by the Company's management to estimate the allowance amount in accordance with IFRS requirements.
- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IFRS. Deferred tax assets and liabilities and income tax provision is calculated accordingly.

- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly. Any impairment losses of property and equipment are recognized in the statement of comprehensive income.
- Management derecognises property and equipment based on estimating the net book value of disposed assets.
- Provision for slow moving items is recognized for inventory items that are not expected to be used for more than two years.
- End of services indemnity is calculated based on the Company's internal policies and actuarial studies.
- A provision will be established against court litigations where the Company is the defendant based on a legal study provided by the Company's legal advisor which will determine the risk that may occur. These studies are reviewed periodically and the provision is adjusted accordingly.

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(3) PROPERTY AND EQUIPMENT

	Lands		Buildings		Hangers		Vehicles parking shade covers		Buildings improvements		Underground cables		Air networks		Meters and transformers		Tools and equipment		Vehicles		Furniture and fixtures		Elevators and air conditioners		Communication tools		Computers equipment and systems		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2019																														
Cost -																														
At 1 January	638,309	2,418,315	149,925	11,474	252,067	24,234,552	95,135,432	50,223,220	6,104,457	8,733,704	829,277	161,302	303,285	6,490,140	195,685,459															
Additions	-	4,921	1,900	5,605	6,764	2,548,527	7,976,796	3,787,413	257,056	626,846	36,630	7,664	5,966	662,305	15,928,393															
Transfers from projects in progress (note6)	-	-	-	-	-	1,335,960	403,497	1,749,982	-	-	-	-	-	-	3,489,439															
Disposals	-	-	-	-	-	(306,885)	(851,454)	(1,963,424)	(129,788)	(539,967)	(9,742)	(2,983)	(1,015)	(124,099)	(3,929,357)															
At 31 December	638,309	2,423,236	151,825	17,079	258,831	27,812,154	102,664,271	53,797,191	6,231,725	8,820,583	856,165	165,983	308,236	7,028,346	211,173,934															
Accumulated depreciation -																														
At 1 January	-	907,219	50,122	7,213	195,910	3,926,138	41,134,464	17,902,468	4,939,720	5,204,772	532,818	89,121	213,469	5,245,275	80,348,709															
Charge for the year	-	47,716	4,681	1,227	34,380	707,337	4,014,479	2,883,406	494,562	875,319	54,722	15,629	19,693	670,641	9,823,792															
Disposals	-	-	-	-	-	(48,451)	(369,603)	(504,806)	(60,676)	(539,110)	(4,601)	(2,382)	(1,015)	(119,950)	(1,650,594)															
At 31 December	-	954,935	54,803	8,440	230,290	4,585,024	44,779,340	20,281,068	5,373,606	5,540,981	582,939	102,368	232,147	5,795,966	88,521,907															
Net book value -																														
At 31 December	638,309	1,468,301	97,022	8,639	28,541	23,227,130	57,884,931	33,516,123	858,119	3,279,602	273,226	63,615	76,089	1,232,380	122,652,027															

The cost of fully depreciated property and equipment as at 31 December 2019 amounted to JD 39,915,843 (2018: JD 39,160,681).

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

		Vehicles										Furniture		Elevators		Computers										
		Vehicles parking		Buildings improvements		Underground cables		Air networks		Meters and transformers		Tools and equipment		Vehicles		and fixtures		and air conditioners		Communication tools		equipment and systems		Total		
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
2018	Cost -																									
At 1 January		638,309	2,342,522	135,061	9,067	233,791	22,209,022	87,142,763	47,704,041	5,595,370	8,038,248	783,476	143,513	302,080	6,212,446	181,489,709										
Additions		-	75,793	14,864	2,407	20,821	2,696,979	10,185,763	4,476,631	618,688	891,302	59,062	20,250	1,230	382,413	19,446,203										
Disposals		-	-	-	-	(2,545)	(671,449)	(2,193,094)	(1,957,452)	(109,601)	(195,846)	(13,261)	(2,461)	(25)	(104,719)	(5,250,453)										
At 31 December		638,309	2,418,315	149,925	11,474	252,067	24,234,552	95,135,432	50,223,220	6,104,457	8,733,704	829,277	161,302	303,285	6,490,140	195,685,459										
Accumulated depreciation -																										
At 1 January		-	860,174	45,725	6,403	163,441	3,373,845	38,077,115	15,707,716	4,521,071	4,570,835	487,966	77,067	189,070	4,712,885	72,793,313										
Charge for the year		-	47,045	4,397	810	35,013	630,808	3,646,964	2,869,745	492,001	829,561	53,247	13,774	24,424	593,482	9,241,271										
Disposals		-	-	-	-	(2,544)	(78,515)	(589,615)	(674,993)	(73,352)	(195,624)	(8,395)	(1,720)	(25)	(61,092)	(1,685,875)										
At 31 December		-	907,219	50,122	7,213	195,910	3,926,138	41,134,464	17,902,468	4,939,720	5,204,772	532,818	89,121	213,469	5,245,275	80,348,709										
Net book value -																										
At 31 December		638,309	1,511,096	99,803	4,261	56,157	20,308,414	54,000,968	32,320,752	1,164,737	3,528,932	296,459	72,181	89,816	1,244,865	115,336,750										

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(4) SUBSCRIBERS' AND RURAL FILS CONTRIBUTION ASSETS

	2019	2018
	JD	JD
Cost -		
At 1 January	137,325,178	129,737,303
Transfers from projects in progress (note 6)	10,921,080	7,587,875
At 31 December	148,246,258	137,325,178
Accumulated depreciation -		
At 1 January	62,677,522	57,406,055
Depreciation for the year	5,750,905	5,271,467
At 31 December	68,428,427	62,677,522
Net book value -		
At 31 December	79,817,831	74,647,656

Subscribers' and rural fils contributions assets are depreciated at 4% annually, subscribers and rural fils contributions liabilities are amortized at the same rate as well, accordingly there is no effect on the statement of comprehensive income. Details of subscribers and rural fils contributions liabilities are as follow:

	2019	2018
	JD	JD
Subscribers contributions liabilities	51,173,459	47,707,934
Rural fils contributions liabilities	28,644,372	26,939,722
	79,817,831	74,647,656

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(5) DISPUTE LAWSUITS PAYMENTS

	2019	2018
	JD	JD
Cost -		
At 1 January	1,383,185	1,366,036
Additions	10,695	17,149
At 31 December	1,393,880	1,383,185
Accumulated amortization -		
At 1 January	1,313,514	1,283,073
Amortization for the year	27,477	30,441
At 31 December	1,340,991	1,313,514
Net book value -		
At 31 December	52,889	69,671

(6) PROJECTS IN PROGRESS

The following represent projects in progress and payments made to contractors:

	2019	2018
	JD	JD
Self-funded projects	8,798,526	7,005,868
Subscribers contributions projects	8,131,540	9,484,510
Rural fils contributions projects	1,134,451	300,945
	18,064,517	16,791,323

Movement on the projects in progress is as follows:

	2019	2018
	JD	JD
Beginning balance	16,791,323	9,654,672
Additions during the year	9,980,254	8,804,185
Capitalized expenses (note 25)	5,703,459	5,920,341
Transferred to property and equipment (note 3)	(3,489,439)	-
Transferred to subscribers and rural fils contributions assets (note 4)	(10,921,080)	(7,587,875)
Balance at year end	18,064,517	16,791,323

The estimated cost to complete the above projects is JD 10,778,850 as at 31 December 2019 (2018: JD 15,113,413).

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item represents the Company's ownership in the following company:

	Ownership percentage %	2019 JD	2018 JD
Unquoted shares- Jordan			
Electrical Equipment Industries Company LLC	11.47	286,719	286,719

(8) INVENTORIES

	2019 JD	2018 JD
Medium and low pressure electrical tools and subscribers' accessories	8,973,833	6,222,260
Tools and cars' spare parts warehouse	380,052	368,521
Stationery, furniture and computers equipment warehouse	25,777	18,540
Spare parts warehouse	19,661	17,355
Returned materials warehouse	2,226,540	3,118,594
	11,625,863	9,745,270
Less: allowance for slow moving inventories	(1,805,072)	(1,870,075)
	9,820,791	7,875,195
Add: letter of credit and tenders expenses	117,218	101,113
	9,938,009	7,976,308
Strategic inventories	7,168,761	4,352,185
Inventories	2,769,248	3,624,123
	9,938,009	7,976,308

Strategic inventories include medium and low pressure electrical tools and subscribers' accessories that are used in the Company's projects, maintenance and replacements works.

Movement on the allowance for slow moving inventories is as follows:

	2019 JD	2018 JD
Beginning balance	1,870,075	1,463,711
Provision for the year	277,337	930,839
Less: materials written off during the year	(342,340)	(524,475)
Ending balance	1,805,072	1,870,075

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(9) ACCOUNTS RECEIVABLE

	2019	2018
	JD	JD
Normal subscribers' receivables – Housing	28,554,800	26,228,723
Normal subscribers' receivables – Non-housing	85,101	113,749
Governmental departments subscribers' receivables – Normal subscribers	11,914,867	12,828,902
Employees subscribers' receivables – Housing	54,781	65,954
Commercial sector subscribers' receivables	8,578,948	8,338,745
Temporary meters subscribers' receivables	244,887	226,783
Telecommunication sector subscribers' receivables	1,927,616	1,569,324
Banking sector subscribers' receivables	69,307	108,747
Television sector subscribers' receivables	68,065	37,488
Hotels sector subscribers' receivables	20,310	24,805
Manufacturing sector subscribers' receivables / Small	1,707,404	1,570,402
Manufacturing sector subscribers' receivables / Medium	4,699,685	3,667,736
Water authority subscribers' receivables	29,135,154	70,744,490
Agricultural sector subscribers' receivables	3,168,477	3,417,893
Street lighting sector receivables	9,575,553	12,358,300
Agricultural / Commercial sector subscribers' receivables	192,038	157,391
Army departments subscribers' receivables	6,993,637	18,589,374
Agricultural / Trio tariff subscribers' receivables	1,944,755	1,591,718
Electric charging cars subscribers' receivables	4,799	4,579
Private hospitals subscribers' receivables	36,186	49,503
Total receivables of subscribers	108,976,370	161,694,606
Late interest receivables	33,496,879	27,258,970
Other receivables	274,466	294,828
Governmental – other lighting projects	917,596	2,329,725
Municipalities receivables	1,518	-
Employee receivables	543,583	178,542
	144,210,412	191,756,671
Less: expected credit losses provision	(6,133,817)	(5,070,188)
	138,076,595	186,686,483

* The delay interest charge is 1% per month and 9% per annum maximum on subscribers for power electricity sold and not collected within 30 days, in accordance with electricity tariff system.

Movement on the expected credit losses provision is as follows:

	2019	2018
	JD	JD
Beginning balance	5,070,188	3,624,238
Provision for the year	1,063,629	1,445,950
	6,133,817	5,070,188

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

As at 31 December, the aging of unimpaired accounts receivable is as follows:

	<u>Not past due</u>	<u>1 – 60 days</u>	<u>61 – 90 days</u>	<u>> 90 days</u>	<u>Total</u>
	JD	JD	JD	JD	JD
2019	36,747,899	12,837,566	9,440,788	79,050,342	138,076,595
2018	45,936,447	12,905,286	10,168,870	117,675,880	186,686,483

(10) CASH AND BANK BALANCES

Cash and bank balances included in the statements of financial position consist of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Cash on hand	20,471	31,634
Banks accounts	3,408	271,261
	<u>23,879</u>	<u>302,895</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Cash on hand and at banks	23,879	302,895
Bank overdrafts	(37,263,047)	(32,404,823)
	<u>(37,239,168)</u>	<u>(32,101,928)</u>

(11) EQUITY

Paid-in capital -

The Company's authorized, subscribed and paid-in share capital is 8,000,000 shares at 1 JD par value per share.

Statutory reserve -

As required by the Jordanian Companies Law, 10% of the annual profit before taxation is to be transferred to statutory reserve. The reserve is not available for distribution to shareholders. The Company may stop this transfer to statutory reserve when its balance reaches 25% of its paid in capital.

Voluntary reserve -

This account represents cumulative appropriations not exceeding 20% of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

Dividends -

In its ordinary meeting held on 10 April 2019, the General Assembly approved the Board of Directors recommendations to distribute 75% of its capital as cash dividends amounted to JD 6,000,000 as a profit share for the shareholders.

In its ordinary meeting held on 10 April 2018, the General Assembly approved the Board of Directors recommendations to distribute 70% of its capital as dividends amounted to JD 5,600,000 as a profit share for the shareholders.

(12) ADVANCES FROM SUBSCRIBERS

This item represents advances received from subscribers' contributions projects. Upon completion of these projects, the Company settles these advances into subscribers' contributions and liabilities subscribers' contributions.

(13) EXCESS OF SUBSCRIBERS CONTRIBUTIONS

This item represents the difference between the amount received from subscribers contributions and the actual costs incurred to complete these projects. The Company amortizes this amount at 4% per annum.

(14) Provision for end-of-service indemnity

Movement on the provision for end-of-service indemnity is as follows:

	2019	2018
	JD	JD
Beginning balance	4,122,095	2,871,729
Charge for the year	666,449	1,779,699
Paid during the year	(318,895)	(529,333)
Ending balance	4,469,649	4,122,095

End-of-service charge for the year details are as follows:

	2019	2018
	JD	JD
Interest on obligation	296,791	252,415
Current service costs	369,658	1,527,284
Expense for the year	666,449	1,779,699

End-of-service charge for the year is allocated as follows:

	2019	2018
	JD	JD
General and administrative expenses	500,000	1,394,819
Capitalized on projects in progress	166,449	384,880
	666,449	1,779,699

The actuarial basic assumptions used to determine end-of-service are as follow:

	2019	2018
Discount rate*	5.27%	7.2%
Mortality rate	0.12%	0.12%
Annual salaries increase rate	5%	5%
Resignation rate	1%	7%
Company's contribution to social security deducted from employees' end of service indemnity	8%	8%

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

* The following table demonstrates the sensitivity of end-of-service as at 31 December to possible changes by 1% in discount rate, salaries increase rate, and resignation rate:

Increase in rate by 1 %	Effect on end- of-service benefits
	2019 JD
Discount	(341,608)
Salaries increase	67,563
Resignation	(71,745)
Decrease In rate by 1 %	Effect on end- of-service benefits
	2019 JD
Discount	425,758
Salaries increase	(67,563)
Resignation	71,745

(15) LONG-TERM LOAN

During May 2015, the Company has signed a loan agreement with Jordan Kuwaiti Bank amounting to JD 28,000,000 including a grace period of three years from the date of first withdrawal for the purpose of financing the Company's working capital and its operations. The entire loan was utilized during 2015.

The loan is repayable over 18 semi-annual instalments of JD 1,555,555 each except for the last instalment amounting to JD 1,555,565. The loan bears an interest rate similar to interest rate applicable on the Central Bank of Jordan deposits plus 2.65% with a minimum interest rate of 5.3% per annum.

The aggregate amounts and maturities of the long-term loan instalments are as follows:

Year	Amount
	JD
2020	3,111,110
2021	3,111,110
2022	3,111,110
2023	3,111,110
2024 - 2027	9,333,340
	<u>21,777,780</u>

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(16) SUBSCRIBERS' DEPOSITS

This item represents the amount received from subscribers as cash deposits for electricity power supply based on EMRC instructions.

(17) ACCOUNTS PAYABLE

	2019	2018
	JD	JD
National Electricity Power Company – energy purchases	89,194,447	132,658,284
National Electricity Power Company – interest on late payments	36,617,297	29,417,138
Al Badya for Energy Company- renewable energy purchases	625,643	317,124
National Electricity Power Company – fuel price differences	9,375,762	15,007,948
Green Sources Company – renewable energy purchases	175,450	137,610
Suppliers payables	4,632,628	3,445,143
Municipalities – garbage fees	1,112,098	4,255,414
Ministry of Finance – television fees	1,397,724	1,727,468
Rural fils	483,900	-
Others	166,266	82,311
	<u>143,781,215</u>	<u>187,048,440</u>

(18) OTHER CURRENT LIABILITIES

	2019	2018
	JD	JD
Deposits – subscription requests	29,526	28,912
Deposits – renewable energy connections	280,451	168,400
Advances from customers – connection fees	311,985	312,256
General deposits	261,658	119,113
Subscribers deposits	1,944,319	1,242,364
Post offices deposits	380,185	156,247
Governmental deposits – projects	65,092	44,810
Due to Sales Tax Department	72,209	46,723
Board of Directors' remuneration	55,000	55,000
Health insurance fund payables	2,836,276	2,490,645
Contractors retentions	440,176	839,288
Dividends payable	1,129,129	1,404,630
Damaged inventories deposits	422	995,055
Others	618,870	526,997
	<u>8,425,298</u>	<u>8,430,440</u>

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(19) BANKS OVERDRAFTS

This item represents the credit facilities granted to the Company from local banks with a ceiling of JD 62,000,000, bearing an average interest rate of 6.5% per annum (2018: 6.63%).

(20) Other Provisions

Provisions included in the statement of financial position consist of the following:

	2019			2018
	Employees vacations	Social Services	Lawsuits	Total
	JD	JD	JD	JD
Beginning balance	913,192	47,090	423,336	1,383,618
Charge for the year*	202,448	17,081	-	219,529
Paid during the year	(36,317)	-	-	(36,317)
Ending balance	<u>1,079,323</u>	<u>64,171</u>	<u>423,336</u>	<u>1,566,830</u>
				<u>1,383,618</u>

* The charge for the year includes capitalized expenses amounted to JD 46,990 (2018: JD 46,529).

(21) INCOME TAX PROVISION

Deferred tax assets-

This represents deferred tax assets on temporary differences between taxable profit and accounting profit.

Movement on deferred tax assets is as follows:

	2019	2018
	JD	JD
Beginning balance	1,310,070	968,810
Change during the year	302,453	341,260
Ending balance	<u>1,612,523</u>	<u>1,310,070</u>

Income tax provision -

Movement on income tax provision is as follows:

	2019	2018
	JD	JD
Beginning balance	2,526,950	1,962,965
Income tax for the year	1,694,471	2,658,340
Income tax paid	(3,051,220)	(2,094,355)
Ending balance	<u>1,170,201</u>	<u>2,526,950</u>

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

Below is the income tax expense details included in the statement of comprehensive income and the reconciliation between the accounting profit and taxable profit:

	2019	2018
	JD	JD
Accounting profit before tax	4,944,549	7,997,083
Non-taxable revenues	(968,971)	(1,373,232)
Non-deductible expenses	2,300,241	4,452,564
Taxable income	<u>6,275,819</u>	<u>11,076,415</u>
Income tax for the year	1,694,471	2,658,340
Deferred tax during the year	(302,453)	(341,260)
Income tax for the year	<u>1,392,018</u>	<u>2,317,080</u>
Statutory income tax rate*	27%	24%
Effective income tax rate	28,15%	28.98%

Income tax provision was calculated for the year ended 31 December 2019 in accordance with the Income Tax Law No. (38) for the year 2018. The Company is subject to a statutory income tax rate of 24% in addition to a 3% National Contribution tax in accordance with Income Tax Law No. (38) of 2018 which took effect on 1 January 2019.

The income tax provision was calculated for the year ended 31 December 2018 in accordance with the Income Tax Law No. (34) of 2014. The Company is subject to a statutory income tax rate of 24%.

The Company obtained a final clearance from the Income and Sales Tax Department up to the year 2017. The income tax return for the year 2018 has been approved according to sampling system issued by the Income and Sales tax Department.

(22) RELATED PARTIES

Related parties represent major shareholders, parent company, Board of Directors, key management personnel of the Company and companies where the Company is a major shareholder. Such pricing policies and transactions' terms are approved by the Company's management.

Related parties transactions included in the statement of financial position are as follow:

	2019	2018
	JD	JD
Amounts due to Electrical Equipment Industries Company LLC (Sister Company)	46,759	249,322
Amounts due to Electricity Distribution Company – Public Shareholding Company (Parent Company)	13,698	249
	<u>60,457</u>	<u>249,571</u>

Below is a summary of related parties transactions:

Purchases from Electricity Distribution Company – Public Shareholding Company (parent company)	2,597,813	240,335
Purchases from Electrical Equipment Industries Company (sister company)	<u>121,442</u>	<u>466,148</u>

Transactions with related parties included in the statement of comprehensive income are as follow:

	2019	2018
	JD	JD
Transportation and remuneration of Board of Directors	<u>320,260</u>	<u>317,905</u>

Salaries and other benefits for key management personnel of the Company are as follow:

	2019	2018
	JD	JD
Salaries and benefits	<u>587,098</u>	<u>546,334</u>

(23) Gross Profit

Electricity power sales revenues represent sales to all subscribers and cost of electricity power sales represents the cost of electricity power purchases from National Electricity Power Company and renewable energy resources.

Sales tariff is determined by the EMRC, the tariff for the telecommunication and private hospitals sectors have been decreased in January 2019.

Electricity power is purchased from National Electricity Power Company and purchase tariff is determined by the EMRC, the tariff has been increased during January, November, and December for 2019.

(24) OTHER OPERATING (EXPENSES) REVENUES, NET

	2019	2018
	JD	JD
Subscribers connection fees	983,373	1,162,084
Municipalities connection fees	9,515	8,047
Meters fees	1,457,714	1,515,366
Miscellaneous fees	317,407	150,790
Workshops fees	28,932	43,357
Net losses from rural fils projects	(1,155,139)	(354,515)
Net losses from subscribers' contributions projects	(2,400,422)	(704,230)
Electricity reconnection fees	422,134	372,394
Meters replacement fees	17,969	14,587
Others	8,842	11,937
	<u>(309,675)</u>	<u>2,219,817</u>

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(25) ADMINISTRATIVE EXPENSE

	2019 JD	2018 JD
Salaries and related benefits	18,544,676	17,494,652
Employees' benefits	1,844,633	1,796,787
End-of-service indemnity	666,449	1,779,699
Employees vacations	202,448	219,733
Maintenance expenses	450,176	491,741
Vehicles rent expense	1,274,680	1,345,747
Stationery, printing and advertising	294,438	284,843
Stamps	427,283	381,333
Compensations	297,665	434,664
Connection expenses	678,028	721,075
Insurance expenses	397,651	337,924
Vehicles expense	545,644	536,202
Postage and telephone expenses	171,438	177,023
Board of Directors remuneration and transportations	39,600	39,600
Security and cleaning expenses	559,757	465,485
Electricity, water and heating	163,362	152,132
Legal fees	625,204	413,483
Professional fees	26,390	23,048
Subscriptions, conferences and seminars	40,019	48,641
License and governmental fees	31,670	30,542
Distribution license fee	337,984	302,738
Rent	68,994	190,075
Computers expenses	50,688	54,782
Hospitality expenses	70,378	56,341
Employee meals	9,419	7,795
Collection commission- post offices	392,386	371,220
Provision of expected credit losses	1,063,629	1,445,950
Social activities and donations	14,360	6,350
Depreciation of right of use assets	100,515	-
Financing costs	51,227	-
Others	118,234	84,038
	<u>29,559,025</u>	<u>29,693,643</u>
Less: Capitalization of salaries and related benefits	(4,554,754)	(4,424,694)
Capitalization of-end-of service indemnity	(166,449)	(384,880)
Capitalization of administrative expenses	(935,266)	(1,064,238)
Capitalization of employees vacation expenses	(46,990)	(46,529)
Total capitalized expenses on project in progress*	<u>(5,703,459)</u>	<u>(5,920,341)</u>
Transfers to cost of non-core activities	<u>(307,011)</u>	<u>(297,196)</u>
	<u>23,548,555</u>	<u>23,476,106</u>

* These expenses are capitalized projects in progress according to approved rates in the Merkadus System.

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(26) DEPRECIATION AND AMORTIZATION

Details of depreciation and amortization included in the statement of comprehensive income are as follow:

	2019 JD	2018 JD
Property and equipment deprecation (note 3)	9,823,792	9,241,271
Lawsuits payments amortization (note 5)	27,477	30,441
Depreciation of subscribers and rural fils contributions assets (note 4)	5,750,905	5,271,467
Less: amortization of subscribers and rural fils contributions liabilities	(5,750,905)	(5,271,467)
Depreciation and amortization	<u>9,851,269</u>	<u>9,271,712</u>

The depreciation and amortization are allocated as follows:

	2019 JD	2018 JD
Depreciation and amortization in the statement of comprehensive income	9,725,945	9,160,171
Depreciation of non-core activities	125,324	111,541
	<u>9,851,269</u>	<u>9,271,712</u>

(27) PROFIT FROM CORE ACTIVITIES

According to the distribution and supplies license granted to the Company on 30 June 2008 from Energy and Mineral Regulatory Commission (EMRC), the annual return from core activities before tax is determined based on the Regulatory Asset Base set by EMRC. The Company computed the annual return for the core activities which resulted in a deficit from the annual return as determined in the license by JD 2,274,758 for the year 2019, as a result, the net cumulative amount up to the end of 2019 became a deficit of JD 11,664,014. Accordingly, this deficit will be recovered by determining the tariff for the upcoming tariff period as per the tariff determination methodology stated in the license; additionally, the deficit amount is subject to EMRC revision and amendment as mentioned in the license.

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(28) REVENUE FROM NON-CORE ACTIVITIES

	2019	2018
	JD	JD
Television fees collection revenue	320,414	308,525
Garbage fees collection revenue	1,626,684	1,562,024
Street lighting maintenance revenue	140,578	246,071
Compensations revenue	420,041	499,598
Buildings lease revenue	1,024	1,024
Tenders revenue	23,120	33,115
Late payments penalties revenue	212,492	205,047
Proceeds from sale of damaged goods (property and equipment)	1,236,193	183,084
Electricity poles rental revenue	211,288	208,395
Late postal deposit interest revenue	60,645	78,846
Foreign currency exchange gains	12,340	14,288
Revenue from amortization of deferred revenues until 2 July 2008	270,685	270,685
Revenue from renewable energy sources consulting	528,984	298,986
Others	25,231	26,291
	<u>5,089,719</u>	<u>3,935,979</u>

(29) COST OF NON-CORE ACTIVITIES

	2019	2018
	JD	JD
Loss on sale of property and equipment	348	223
Maintenance of street lights	117,153	114,319
Cost of damaged goods sales (property and equipment)	1,726,781	175,347
Donations	62,592	96,876
Foreign currency exchange losses	2,724	25,897
Board of Directors remuneration	280,660	277,265
Incentives for non-core activities	122,492	74,004
Others	10,955	401
	<u>2,323,705</u>	<u>764,332</u>
Add: non-core activities share of common expenses	307,011	297,196
non-core activities share of depreciation expense	125,324	111,541
	<u>2,756,040</u>	<u>1,173,069</u>

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

(30) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT FOR THE YEAR

	2019	2018
Profit for the year (JD)	3,552,531	5,680,003
Weighted average number of shares (share)	8,000,000	8,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the year	0/444	0/710

The basic and diluted earnings per share are equal.

(31) SEGMENT INFORMATION

The presentation of major segments was determined based on risk and benefits associated with the Company which are directly related to the services of these segments. These segments are organized and managed separately according to the nature of its services, so that each one of them represent a separate unit, which is measured based on the reports used by the chief executive officer and the chief decision maker for the Company.

The Company is organized for administrations purposes through the following business segments based on the power sales:

	2019 JD	2018 JD
Normal subscribers' sales – Housing	90,995,954	85,236,347
Normal Subscribers sales – Non-housing	1,027,730	1,208,379
Government departments sales	23,104,032	22,217,593
Normal subscribers' sales – Employee housing	246,805	226,486
Commercial sector sales	31,907,026	33,061,950
Temporary meters sales	552,524	519,493
Telecommunication sector sales	5,928,676	8,600,910
Banking sector sales	1,924,148	1,938,168
Media sector sales	199,412	206,091
Hotels sector sales	160,055	146,654
Manufacturing sector sales / Small	7,010,762	6,893,556
Manufacturing sector sales / Medium	17,089,359	17,595,239
Water authority sales	29,419,545	25,847,016
Agricultural sector sales	15,923,193	17,165,494
Street lighting sales	16,644,085	16,235,463
Commercial / Agricultural sales	841,682	749,397
Army department sales	8,954,611	8,995,080
Consumption differences sales	1,434,376	1,337,361
Agricultural / Trio tariff sales	7,637,448	6,550,704
Private hospitals sales	417,963	203,563
Electric charging cars sales	53,524	40,158
	261,472,910	254,975,102

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

The Company's management monitors its business segments separately for performance evaluation purposes. The segments performance is evaluated based on each segment sales.

Geographical segment is associated with providing products or services in particular economical environment subject to risk and rewards that differ from those pertained to business segments in other economical environments. However, all operating segments represent one geographical segment which is the north of Jordan.

(32) CONTINGENT LIABILITIES

Guarantees and letters of credit -

As at the date of the financial statements, the Company has outstanding bank guarantees and letters of credit of JD 236,844 (2018: JD 1,038,635).

Litigations -

The Company is a defendant in a number of lawsuits in the ordinary course of business representing legal claims amounting to JD 171,091. The Company's management and its legal advisor believe that the provision taken against these claims of JD 423,336 (2018: JD 423,336) is adequate to meet any obligations that may arise.

Dispute with National Electricity Power Company –

National Electricity Power Company (Company's energy provider) claiming an amount of JD 721,881 which is mainly represent a difference of interest on late payments. The Company and its legal advisor believe that the Company will not have any obligation as per the electricity tariff (Wholesale Tariff) issued by EMRC.

Operating lease commitments-

Company as a lessor -

The Company has entered into commercial property leases on some of its small offices. These leases have a term of one year or less. Future minimum rentals receivables under operating leases as at 31 December are as follow:

	<u>2019</u>	<u>2018</u>
	JD	JD
Within one year	<u>1,024</u>	<u>1,024</u>

(33) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities such as bank overdrafts and loans.

The sensitivity of the statement of comprehensive income is inherent in the effect of expected changes in interest rates on the Company's profit for one year, based on financial assets and liabilities bearing floating interest rates.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates with all other variables held constant.

	Increase in interest rate <hr/> (POINT)	Effect on profit before tax <hr/> JD
2019 -		
JD	50	(295,085)
	Increase in interest rate <hr/> (POINT)	Effect on profit before tax <hr/> JD
2018 -		
JD	50	(284,954)

The effect of decrease in interest rate is expected to be equal and opposite to the effect of the increase shown above.

Credit risk

Credit risk is the risk that one party to a financial instrument will not meet its obligations and cause the other party to incur a financial loss.

The Company believes it is not exposed to significant credit risk as it sets credit limits to its customer and monitors the outstanding receivable regularly. The Company maintains its balance and deposits in reputable financial institutions.

The Company provides its services to a large number of customers; however, Government receivables represent more than 64% of accounts receivable as at 31 December 2019.

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

Liquidity risk

The Company limits its liquidity risk by ensuring collection of accounts receivable and bank facilities are available.

The table below summarises the maturities of the Company's (undiscounted) financial liabilities based on contractual payment dates and market interest rate.

	On demand	1 to 12 months	1to 5 years	More than 5 years	Total
At 31 December 2019	JD	JD	JD	JD	JD
Accounts payable	-	143,781,215	-	-	143,781,215
Accrued expenses and other payables	-	6,194,887	-	-	6,194,887
Long term loan	-	4,360,053	19,044,382	3,250,572	26,655,007
Overdrafts	39,349,778	-	-	-	39,349,778
Subscribers' deposits	49,094,374	-	-	-	49,094,374
Lease liability	-	121,000	660,000	-	781,000
Total	88,444,152	154,457,155	19,704,382	3,250,572	265,856,261
At 31 December 2018					
Accounts payable	-	187,048,440	-	-	187,048,440
Accrued expenses and other payables	-	6,117,934	-	-	6,117,934
Long term loan	-	4,658,369	20,263,700	6,692,355	31,614,424
Overdrafts	34,553,263	-	-	-	34,553,263
Subscribers' deposits	45,578,997	-	-	-	45,578,997
Total	80,132,260	197,824,743	20,263,700	6,692,355	304,913,058

Currency risk

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against USD (US\$ 1.41 for JD 1). Thus, the impact of currency risk is insignificant to the financial statements.

(34) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, financial asset at fair value through other comprehensive income, accounts receivable and some other current assets. Financial liabilities consist of accounts payable, bank overdrafts, loans, and some other current liabilities.

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

(35) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No amendments were made on the objectives, policies or procedures during the current and previous year.

Capital comprises of paid-in capital, statutory reserve, voluntary reserve and retained earnings, and is measured at JD 15,379,581 as at 31 December 2019 (2018: JD 17,827,050).

(36) STANDARD ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard 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. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that 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 Company.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of “Material”

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’ The amendments to the definition of material is not expected to have a significant impact on the Company’s financial statements.