

**Arab International Company for  
Education and Investment  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan**

**Financial statements  
As of December 31, 2020**

**Arab International Company for  
Education and Investment  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan**

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To the Shareholder of

**The Arab International Company for Education And Investment**

**Public Shareholding Company**

**Amman- The Hashemite Kingdom of Jordan**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the Accompanying financial statements of **The Arab International Company for Education And Investment (Public Shareholding Company)**, which comprise the statement of financial position as at December 31, 2020, and the statements of comprehensive income, changes in owner's equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Imphasizing matter**

On December 23, 2020, the company acquired Ibn Al Haytham Hospital Company as a subsidiary, with an ownership rate of 50.2%. This is because the initial accounting process is incomplete, so the financial statements of the company have not been consolidated with the financial statements of the subsidiary, until the financial statements are measured at fair value. When the measurement period ends as soon as the parent company obtains the necessary information, however, it is not permissible for the measurement period to exceed one fiscal year from the date of the acquisition, and the financial statements will be consolidated with the financial statements of the subsidiary in the first quarter of 2021.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

### **• Legal Cases and Contingent Liabilities**

In the normal courses of business, contingent liabilities may arise from legal cases held against the company or from governmental fines.

The amounts involved are potentially significant and the application of IFRS to determine the amount, if any, to be provided as a liability, require from management judgments and estimates, accordingly the determination of liabilities is considered a key audit matter.

The disclosure relative to legal and contingent liabilities is summarized respectively in Notes (30, 31) to the financial statements.

### **Proof of university fees**

- With reference to the accounting policy, revenue recognition The company's university fees revenue for the year ended December 31, 2020 amounted to JD 20,889,950
- Revenue is one of the essential indicators for measuring performance, and it follows that there are risks inherent in the process of proving revenue with more than its value. Revenue is recognized when providing related services to registered students
- Given the fundamental value of the registered university income revenue, as well as the risks inherent in the process of establishing university tuition revenue as an important audit matter.

### **The audit procedures included the:**

Our audit procedures includes the assessment of the Company's internal controls to determine the liabilities and the review of correspondence with the regulatory parties and the Company's external

legal consultants on all significant legal cases and discussions with the Company's external legal consultant when necessary.

In addition, we obtained formal opinion from the Company's external legal consultant for all significant litigation, analysed correspondence with regulators, and monitored the procedures followed to obtain information from third parties. We also assessed the disclosures made by the Company.

### **The audit procedures included the:**

- Evaluate the suitability of the company's policy for revenue recognition based on IFRS 15 (Revenue from contracts with customers)
- Evaluating the design and implementation and testing the operational efficiency of the internal control system related to management procedures related to controlling revenue recognition
- Test a sample of the recorded revenue transactions and compare it with the supporting documents to verify the presence of the registered revenue
- Conducting an analysis of the revenues based on the number of students and the fees approved for the educational process to judge the reasonableness of the amount of revenue included in the audited financial statements.
- The suitability of the disclosures used in the financial statements

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. We expected that we will give the annual report after our report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information when its 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management 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 IFRS, 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.

### **Auditors' 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 auditors' 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 exists,

We are required to draw attention in our auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

The Company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend approving these financial statements by the general assembly.

**Al- Abbasi & Partners Co.**

**Nabil M. Obeidat**  
**License 877**



**Amman in**  
**March 30, 2021**



**Arab International Company for  
Education and Investment**  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan  
Financial position  
As of December 31, 2020

	Note	2020	2019
		JD	JD
<b><u>Assets</u></b>			
<b><u>Non - current assets</u></b>			
Investments in associates	5	41,177,731	49,180,024
Investments in subsidiary	6	10,431,004	-
Property, plant & equipments - net	7	30,711,153	32,587,217
Projects under construction	8	1,077,624	942,936
Intangible assets - net	9	3,754	5,421
Cheques under collection & notes receivable -long term	10	65,389	99,189
Financial assets at fair value through comprehensive income st.	11	83,819	91,819
The right to use assets	12	58,778	-
<b>Total non - current assets</b>		<b>83,609,252</b>	<b>82,906,606</b>
<b><u>Current assets</u></b>			
Cash on hand and at banks	13	164,067	311,013
Students receivable - net	14	1,889,577	1,325,898
Cheques under collection & notes receivable - short term	10	826,431	1,463,339
Due from related parties - net	32 A	5,953,933	655,692
Financial assets at fair value through income statement	15	325,809	337,478
Warehouse supplies and other		399,986	408,197
Other debit balances - net	16	2,398,271	2,869,570
<b>Total current assets</b>		<b>11,958,074</b>	<b>7,371,187</b>
<b>Total assets</b>		<b>95,567,326</b>	<b>90,277,793</b>

The accompanying notes form from (1) To (39) is an integral part of these statements



**Arab International Company for  
Education and Investment**  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan  
Follow - Financial position  
As of December 31, 2020

	Note	2020 JD	2019 JD
<b><u>Owners' equity and liabilities</u></b>			
<b><u>Owners' equity</u></b>			
Paid up capital	17	40,500,000	40,500,000
Statutory reserve	17	10,125,000	10,125,000
Fair value reserve	17	661,008	(911,875)
Retained earnings	17	25,229,305	24,597,342
<b>Total owners' equity</b>		<b>76,515,313</b>	<b>74,310,467</b>
<b><u>Non-current liabilities</u></b>			
Provision for end of service indemnity	18	299,205	249,778
Deffered cheques - long term	19	-	138,255
Rent contracts' liabilities - long term	12	15,653	-
<b>Total non-current liabilities</b>		<b>314,858</b>	<b>388,033</b>
<b><u>Current liabilities</u></b>			
Banks overdraft	20	4,236,658	7,059,901
Loans - short term	21	6,105,000	-
Accounts payable		385,018	567,216
Rent contracts' liabilities - short term	12	29,313	-
Deffered cheques - short term	19	693,229	343,506
Due to related parties	32 B	112,989	259,239
Unearned revenues	22	2,218,651	2,619,500
Students refundable deposits		272,882	232,007
Income tax provision	23	936,061	1,030,565
Other credit balances	24	3,747,354	3,467,359
<b>Total current liabilities</b>		<b>18,737,155</b>	<b>15,579,293</b>
<b>Total owners' equity and liabilities</b>		<b>95,567,326</b>	<b>90,277,793</b>

The accompanying notes form from (1) To (39) is an integral part of these statements

**Arab International Company for  
Education and Investment  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan**

**Statement of comprehensive income  
for the year ended December 31, 2020**

	<u>Note</u>	<u>2020</u> <u>JD</u>	<u>2019</u> <u>JD</u>
Net revenues	25	19,983,594	20,727,290
Operating expenses	26	<u>(13,557,701)</u>	<u>(14,639,067)</u>
<b>Gross profit margin</b>		<b>6,425,893</b>	<b>6,088,223</b>
General & administrative expenses	27	(1,004,539)	(1,034,027)
Company's share of associates profit		738,849	1,941,655
Unrealized (loss) from financial assets at fair value through income		(11,669)	(147,827)
Finance expenses		(332,148)	(551,531)
Litigation expenses		(172,496)	(220,908)
Students & others impairment debts		(171,914)	(61,040)
Other revenues	28	<u>366,754</u>	<u>1,208,583</u>
<b>Profit for the year before tax</b>		<b>5,838,730</b>	<b>7,223,128</b>
Income tax	23	<u>(1,124,598)</u>	<u>(1,167,119)</u>
<b>Profit for the year</b>		<b>4,714,132</b>	<b>6,056,009</b>
<b><u>Add: other comprehensive income items</u></b>			
Net changes in fair value for financial assets through comprehensive income statement		<u>1,572,883</u>	<u>(1,282,434)</u>
<b>Total comprehensive income for the year</b>		<b>6,287,015</b>	<b>4,773,575</b>
		<b>Fils/Dinar</b>	<b>Fils/Dinar</b>
<b>Basic and diluted earning per share</b>	29	<b>0.116</b>	<b>0.149</b>

**The accompanying notes form from (1) To (39) is an integral part of these statements**

**Arab International Company for  
Education and Investment  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan  
Statement of owners' equity  
for the year ended December 31, 2020**

Description	Retained earnings				
	Paid up capital	Statutory reserve	Fair value reserve *	Realized	Total retained earnings
	JD	JD	JD	JD	JD
<b>For the year ended December 31, 2020</b>					
<b>Balance as of January 1, 2020</b>	40,500,000	10,125,000	(911,875)	12,564,497	24,597,342
Realize profit dividends form associates	-	-	-	278,437	-
Prior years (expenses)	-	-	-	-	(32,169)
<b>Adjusted opening balances</b>	40,500,000	10,125,000	(911,875)	12,842,934	24,565,173
Profit for the year	-	-	-	3,906,723	4,714,132
Net changes in fair value for financial assets through comprehensive income statement	-	-	1,572,883	-	-
<b>Total comprehensive income for the year</b>	-	-	1,572,883	3,906,723	4,714,132
Dividends paid to shareholders (note 16)	-	-	-	(4,050,000)	(4,050,000)
<b>Balance as of December 31, 2020</b>	40,500,000	10,125,000	661,008	12,699,657	25,229,305
<b>For the year ended December 31, 2019</b>					
<b>Balance as of January 1, 2019</b>	40,500,000	10,125,000	370,559	13,242,836	25,314,111
Realize profit dividends form associates	-	-	-	1,272,449	-
Prior years income tax	-	-	-	(503,009)	(697,778)
<b>Adjusted opening balances</b>	40,500,000	10,125,000	370,559	14,012,276	24,616,333
Profit for the year	-	-	-	4,627,221	6,056,009
Net changes in fair value for financial assets through comprehensive income statement	-	-	(1,282,434)	-	(1,282,434)
<b>Total comprehensive income for the year</b>	-	-	(1,282,434)	4,627,221	6,056,009
Dividends paid to shareholders	-	-	-	(6,075,000)	(6,075,000)
<b>Balance as of December 31, 2019</b>	40,500,000	10,125,000	(911,875)	12,564,497	24,597,342

In accordance with the instructions of Securities Commission , it is porhibited to dispose fair value reserve & Unrealized retained earnings through dividends to shareholders or capitalization or loss amortization or anything else .

**The accompanying notes form from (1) To (39) is an integral part of these statements**

**Arab International Company for  
Education and Investment**  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan  
**Statement of cash flows**  
**for the year ended December 31, 2020**

	Note	2020 JD	2019 JD
<b><u>Cash flows from operating activities</u></b>			
Profit for the year before tax		5,838,730	7,223,128
Depreciation & amortization		2,185,257	2,327,633
Depreciation of the right to use assets	12	29,389	-
Interests on rents contracts liabilities	12	5,872	-
Company's share of associates profit statement	5 c	(738,849)	(1,941,655)
Capital losses (gains)		11,669	147,827
Students & others impairment		2,611	(1,982)
Returned from Student impairment debts	14	171,914	61,040
Returned from end of service idemnity	14	-	(94,560)
Additions for end of service idemnity	18	-	(95,534)
Finance expenses	18	51,662	25,651
		332,148	551,531
<b>Operating income before changes in working capital</b>		<b>7,890,403</b>	<b>8,203,079</b>
<b><u>(Increase) decrease in current assets</u></b>			
Students receivable		(735,593)	698,906
Due from related parties		(5,298,241)	(259,616)
Cheques under collection & notes receivable		670,708	(1,066,419)
Warehouse supplies and other		8,211	33,699
Other debit balances		471,299	(300,578)
<b><u>Increase (decrease) in current liabilities</u></b>			
Accounts payable		(182,198)	144,569
Deffered cheques		211,468	435,428
Due to related parties		(146,250)	(30,270)
Unearned revenues		(400,849)	(198,961)
Students refundable deposits		40,875	(5,932)
Paid from end of service idemnity	18	(2,235)	-
Other credit balances		279,994	84,172
<b>Net cash provided from operating activities before paid tax</b>		<b>2,807,592</b>	<b>7,738,077</b>
Paid tax	23	(1,219,102)	(1,142,705)
Prior years income tax		-	(503,009)
<b>Net cash provided from operating activities</b>		<b>1,588,490</b>	<b>6,092,363</b>

**The accompanying notes form from (1) To (39) is an integral part of these statements**

**Arab International Company for  
Education and Investment**  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan  
Follow - Statement of cash flows  
for the year ended December 31, 2020

	Note	2020 JD	2019 JD
<b><u>Cash flows from investing activities</u></b>			
Acquisitions of property , plant & equipments	7	(310,082)	(852,033)
Acquisitions of intangible assets	9	(330)	(2,358)
Proceeds from sales of property , plant & equipments		275	2,682
Paid on projects under construction		(134,688)	(495,090)
Associates shares purchased	5 c	-	(40,000)
Subsidiary shares purchased	6 c	(419,585)	-
Proceeds from associates	5 c	278,437	1,272,448
Proceeds from selling associates	5 c	-	97,101
Acquisitions of financial assets through comp. income		-	(25,473)
<b>Net cash (used in) investing activities</b>		<b>(585,973)</b>	<b>(42,723)</b>
<b><u>Cash flows from financing activities</u></b>			
Dividends paid to shareholders	17	(4,050,000)	(6,075,000)
Banks overdraft		(2,823,243)	704,203
Loans		6,105,000	-
Rent contracts liabilities payments	12	(49,072)	-
Finance expenses		(332,148)	(551,531)
<b>Net cash (used in) financing activities</b>		<b>(1,149,463)</b>	<b>(5,922,328)</b>
<b>Net (dcrease) increase in cash</b>		<b>(146,946)</b>	<b>127,312</b>
Cash on hand and at banks at beginning of year		311,013	183,701
<b>Cash on hand and at banks at end of year</b>		<b>164,067</b>	<b>311,013</b>

The accompanying notes form from (1) To (39) is an integral part of these statements

**Arab International Company for  
Education and Investment**  
**Public shareholding company**  
**Amman - The Hashemite Kingdom of Jordan**  
**Notes to the financial statements**

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**1- Company's registration and objectives**

The **Arab International Company For Education And Investment** was established & registered as a public shareholding company under number (208) on **November 20, 1991** , the company operates its educational activities through the **Applied Science University** , which started teaching as of **October 13, 1991**.

One of company's main objectives is to found and establish a private university to accommodate students from Jordan and abroad and prepare them as specialists at the university level in the technological fields mainly inlaid with human and social studies that can contribute to meet the needs of the Kingdom and neighbouring Arab countries .

It also aims to establish a number of centers and institutes for the rehabilitation of students enrolled to a leading positions in various scientific , training and performance fields .

The company may, in order to achieve its objectives directly , carry out all the investment activities required by its business and its interest in selling, buying, owning, brokering , lending , borrowing , pledging and lending . The company may also have an interest to participate in any way in the bodies and institutions that cooperate to achieve its objectives in The Hashemite Kingdom of Jordan or outside .

The financial statements were approved by the board of directors at their meeting held on **March 30, 2021**, these financial statements needs subject to the approval of the general assembly of shareholders .

**2- Basis of preparation of financial statements**

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

The financial statements have been prepared on historical cost except financial assets and liabilities which appears on fair value .

The financial statements are presented in Jordanian Dinars (JD) which is the company's functional and presentation currency .



### **3- Use of estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ, resulting in future change in such provisions.

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

- Management evaluates its investments for impairment on a regular basis where there is a prolonged decline, Management estimates the value of impairment and the same is charged in the statement of comprehensive income - An estimate of the collectible amount of trade accounts receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

- Inventories are held at the lower of either cost or net realizable value. When inventories become old or obsolete, an estimate is made of their realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices.

- Management reviews periodically the tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of comprehensive income.

### **4- Significant accounting policies**

Below used accounting policies in preparation of financial statements, these policies is applying in the years appear in financial statements.

#### **Changes in accounting policies**

Accounting policies followed in condensed interim financial statements' preparation for this period are consistent with the policies followed the last year, Except for the Company's application of the following Standards effective for annual periods beginning on 1 January 2020:



**Arab International Company for  
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**Notes to the financial statements**

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- Amendments to IFRS 3: Definition of "Business"
- Amendments to International Accounting Standard No. (1) and International Accounting Standard No. (8): Defining "substantial"
- Amending the interest rates according to International Financial Reporting Standard No. (9) and International Financial Reporting Standard No. (7)
- Amendments to IFRS 16 "Rentals" - Rental concessions related to the COVID-19 pandemic

**No impact resulted from the application of these above amendments on the company's financial statements.**

**Students receivables & others**

Students receivable and others are stated at their net realizable value net of a provision for doubtful accounts , bad debts where written off when identified deduct of its stated provision and the collected amounts from debts which identified to revenues .

**Impairment of financial assets**

The company recognizes a provision for expected credit losses for all debt instruments that are not held at fair value through the statement of profit or loss. The expected credit losses are based on the difference between the contractual flows due in accordance with the contract and all the cash flows that the company expects to receive, it discounted when estimating the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit improvements that are part of the contractual terms (if any).

The management of the company calculates the provision based on its historical experience in credit loss adjusted according to future factors of debtors and the economic environment.

**Warehouse supplies and other**

Warehouse supplies and other are stated at the lower of cost or net realizable value. The costs are stated accordance to the **Moving average** method .

**Arab International Company for  
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**Amman - The Hashemite Kingdom of Jordan**  
**Notes to the financial statements**

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**Investments in associates**

Associates companies are the companies which the company owned over **20% to 50%** of its right to vote, the company has effect effective on its decisions bout financial and operation policeis.

Associates investments appear in financial statements at cost, in addition of company's share of changes in net assets according to equity method, the goodwill resulting of the associates investment record in account of associates investment and not amortize when exist of changes in associates owners' equity, that changes appear in owners' equity of the company.

When preparing separated financial statements for the company as independent establishment, the associates investment appear in fair value.

**Financial assets at fair value through income**

Variation of changes in fair value for financial assets is recording through income statements

Financial assets at fair value through income statement appear in fair value which had market prices in active markets.

**Financial assets at fair value through comprehensive income**

Financial assets at fair value through comprehensive income are non derivative financial assets, the purpose of the acquisition is to keep them available for sale and not to trade or keep them until maturity.

The differences in the change in fair value of financial assets carried at fair value are recorded through the statement of comprehensive income.

Financial assets at fair value through comprehensive income that is available to quoted market prices in active markets at fair value, net of accumulated impairment losses in the fair value appear.

Gains and losses arising from differences foreign currency debt instruments that bear interest within the specified financial assets at fair value through comprehensive income transfer register, while the registration of foreign exchange rate changes ownership of the tools included in the cumulative change in fair value in equity.

If the company did not adopt the recognition of the fair value changes of financial assets in equity instruments in the list of other comprehensive income must be an option then these assets are measured at fair value and recognize changes in fair value in the statement of comprehensive income.

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**Notes to the financial statements**

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**Offsetting**

Offsetting of financial assets and financial liabilities is occurred and the net amount reported in the financial statements when the rights and legally enforceable right to offset the recognized amounts and the bank intends to either settle them on a net basis , or to realize the assets and settle the liability simultaneously

**Property, plant & equipments**

Property, plant & equipments are recorded at cost and depreciated (except lands) over its estimated useful lives under the **straight line** method by using annual depreciation rates as follows:

<b>Buildings &amp; constructions</b>	<b>20-2</b>	<b>Educational &amp; clarification tools</b>	<b>20</b>
<b>Laboratory equipment &amp; office machines</b>	<b>15</b>	<b>Books &amp; periodicals</b>	<b>5</b>
<b>Furniture &amp; fixtures</b>	<b>15-2</b>	<b>Others</b>	<b>20-15</b>
<b>Tools &amp; equipments</b>	<b>15</b>	<b>Irrigation networks</b>	<b>20</b>
<b>Cars &amp; buses</b>	<b>15-10</b>	<b>Scientific research instrument - solar energy</b>	<b>10</b>
<b>Laboratory equipments</b>	<b>20</b>	<b>Power plant</b>	<b>10</b>

An assets carrying amounts is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount , the impairment record in statement of comprehensive income .

The expected production life for assets is reviewed at end of the year , whenever ther are changes between the expected life and the estimated , the depreciation method is changed to depreciate on net book value based on the remaining production life after re-estimation from the year re-estimated on .

When there are no expected economic benifits from usage , that item will be written down immediately .

### **Intangible assets**

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the statement of income; however, intangible assets without define useful lives should not be amortized and are required to be tested for impairment as of the date the financial statement. Impairment loss shall be recognized in the statement of income.

Intangible assets arising from company operation are not capitalized and should be recognized in the statement of income when incurred.

Intangible assets are assessed at each reporting date to determined whether there is any objective evidence that they are impaired as well as the useful lives of the intangible assets are annually reassessed and any adjustments raised are recognized in the susequent events. The amortization expenses is recognized in the statement of income on a straight line basis over the estimated useful life of each item of intangible assets. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment loss. They are

### **Projects under construction**

Projects under construction are recorded at cost which represents the contractual obligations of the company nfor the construction. Allocated costs directly attributable to the constructin of the assets are capitalized. The projects under construction is transferred to the appropriate assets category and depreciated in accordance whith the company's

### **The right to benefit from the assets**

The company recognizes the right to use the assets on the start date of the lease contract (the date on which the asset is usable), the right to use asset is recognized at cost, after deducting the accumulated depreciation and impairment losses, and the value is adjusted upon re-evaluation of the lease obligations.

The right-of-use principal cost includes the value of the recognized rental liability, in addition to the initial direct costs incurred, and lease payments made on or before the contract commencement date, less any incentives received related to the lease. In the event that the company is not certain of obtaining ownership of the leased asset at the end of the contract period, the value of the right to use the recognized asset is depreciated on a straight-line basis over the extent of the asset's productive work or the lease period, whichever is less. Right-of-use assets are subject to an impairment test.

### **Lease contract liabilities**

On the commencement date of the lease, the company recognizes lease obligations at the present value of the lease payments to be made during the term of the lease. Rent payments include fixed payments (which include payments that are in substance considered fixed lease payments) minus rent incentives payable, variable lease payments based on agreed indicators or rates according to contract terms, and amounts expected to be collected under residual value guarantees. The lease payments also include the value owed upon exercising the purchase option that the company is certain to exercise and the value of the lease termination fines, if the company intends to exercise the termination option in accordance with the terms of the contract.

Variable lease payments that are not based on agreed indicators or rates in accordance with the terms of the contract are recognized as expenses in the period in which the event or condition that leads to the payment of those amounts.

When calculating the present value of lease payments, for the purposes of discounting future lease payments, the company uses the borrowing rate at the commencement of the lease if the interest rate implicit in the lease is not determinable. Subsequently, the rental liability is increased by the amount of interest accrued and reduced by the amount of actual rental payments. In addition, the book value of the lease liability is re-measured if there is any amendment or change to the lease term, or when any change occurs to the payments in its content, which are considered fixed rental payments or when the valuation related to the purchase of the asset changes.

### **Short-term leases and low-value leases**

The company applies the exemption related to the recognition of short-term leases to some short-term leases (contracts with a duration of 12 months or less from the start date and does not include the option to purchase the asset). The company also applies the exemption related to leases for low-value assets to some leases for assets deemed to be of low value. Lease payments for short-term leases and low-value assets leases are recognized as expenses on a straight-line basis over the term of the lease.

### **Accounts payable & accrued amounts**

The accounts Payable and accrued amounts are recognized upon receipt of the goods by the company, whether billed by the supplier or not.



### **Fair value**

The close price at the financial statements date represent the fair value for current financial statement in international markets , in case if the prices are not available for some financial investments the fair value evaluated through the comparative with market current value to similar financial instrument .

In case if there is a financial assets to be unfesible measuring its fair value completely the cost & the amortizing cost shown , in case if there is alower in its fair value the lower value recording in statements of income.

The evaluations types aim to measure a fair value reflect market expectation , it take market positions and also any risks or expected benefits when reevaluated the financial instruments , when the fair value of financial instruments is not measured reliably it will record at cost after deducting any impairemnet of its value .

### **Date of financial assets recognized**

Purchases and sales financial assets are recognized on the trade date (the date on which the company commits its self to purchase or sell the assets) .

### **Revenues recognition**

The company generates revenue according to IFRS 15 using the following five-step model:

#### **The first step: determining the contract with the customer**

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets standards for each contract that must be fulfilled.

#### **The second step: define performance obligations**

A performance obligation is a promise in a contract with a customer to transfer a good or perform service to a customer

#### **Step Three: Determine the transaction price**

The transaction price is the amount of the consideration that the company expects to receive in exchange for transferring the goods or services promised by the customer except for amounts collected on behalf of third parties.

#### **The fourth step: allocating the transaction price**

For a contract that contains more than a performance obligation, the company distributes the transaction price to each performance obligation in an amount that specifies the corresponding amount that the company expects to obtain in return for fulfilling each

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**The fifth step: recognition of revenue**

The company generates revenue when or whenever it fulfills the performance obligation by transporting goods or implementing the services promised by the customer under the contract.

**Educational services**

Tuition fees are recorded on registration date and the educational services revenues are recognized when the services are rendered.

**Finance expenses & Interest revenues / expenses**

Finance expenses comprise interest expenses on borrowing. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognized in the statement of income using the effective interest method.

Interest revenues / expenses are taken to income statement according to accrual basis.

**Distributions of securities gains**

The distribution of securities gains are recognized when declared by the general assembly of the companies invested in .

**Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events , it is probable that an outflow or resource will be required to settle the obligation , and a reliable estimate of the amount can be made . Where the company expects a provision to be reimbursed , for example under an insurance contract , the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain .

**Income tax**

Accrued taxes expenses are calculated according to taxable gains in accordance to law (38) for the year 2018, taxable gains are different from declared gains in income statement because declared gains include non-taxable revenues or non-reduction expenses at the current year but in coming years , or acceptable taxable accumulated loss , or non-taxable items or reducing for tax purposes .

Taxes are calculated according to decision tax rate in accordance with laws , systems and instructions .



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**foreign currency translation**

Foreign currency transactions are translated into Jordanian Dinars at the exchange rates prevailing at the date of transaction . Assets and liabilities expressed in foreign currencies are translated into Jordanian Dinars at the exchange rates prevailing as at the balance sheet date . Exchange differences arising from these translations are included in the statement of income .

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**5- Investments in associates**

A. This item consists of :

<u>National</u>							
<u>Public shareholding companies (listed)</u>							
International Co. for Medical Investments	1,076,705	46	1,345,881		1,012,610		979,519
First Finance Co.	8,062,863	23	4,112,060		10,806,813		10,411,503
Jordanian Real Estate Co. for Development ***	5,582,601	16.181	2,009,736		5,718,444		5,634,574
Ibn Alhaytham Hospital Co.	-	-	-		-		10,011,419
Contempro Co. for Housing prjects ***	580,924	8.334	400,838		642,458		707,039
<b>Total</b>			<b>7,868,515</b>		<b>18,180,325</b>		<b>35,251,262</b>
<u>Limited liability companies (unListed)</u>							
Arab Int'l Food & Factories & Investments Co.	4,856,545	46.252	-		11,056,860		9,971,453
Etthihad Schools Co.	6,246,489	41.643	-		7,732,094		7,507,208
Alomana' for Investment & portfolio management	3,732,424	41.471	-		3,893,813		3,619,842
Trans World Information Technology Co.	45,810	44.911	-		308,139		330,967
Applied Energy Co. *	80,000	40	-		-		-
University Scientific Research Co. **	6,000	20	-		6,000		6,000
Jordanian Consultative Center for Administrative	500	50	-		500		500
<b>Total</b>			-		<b>22,997,406</b>		<b>13,928,762</b>
<b>Total</b>			-		<b>41,177,731</b>		<b>49,180,024</b>

The company's share of associates business results is recorded, and the record stops when the investment's value become zero (in the company's records ( the net equity of associates as of **December 31, 2020** was negative).

\*\* The investments representative at cost according to not issuing financial statements.

\*\*\* The investments were classified above as associates due to the presence of indicators from the investor in influencing the financial and operating decisions of these companies.

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**5- Investments in associates - follow**

**B. The following summary of assets, liabilities, revenues and companys' share of associates P/L :**

Activity	Assets	Liabilities	Revenues	Companies' share of associates P/L
	JD	JD	JD	JD
<b><u>National</u></b>				
<b><u>Public shareholding companies (listed)</u></b>				
International Co. for Medical Investments	2,844,932	644,228	24,377	(32,989)
First Finance Co.	60,303,247	13,392,570	4,614,401	366,421
Jordanian Real Estate Co. for Development	36,770,264	1,429,777	1,122,874	19,722
Contempro Co. for Housing projects	6,927,619	292,029	844,755	(6,489)
<b>Total</b>	<b>106,846,062</b>	<b>15,758,604</b>	<b>6,606,407</b>	<b>346,665</b>
<b><u>Limited liability companies (unlisted)</u></b>				
Arab Int'l Food & Factories & Investments Co.	24,046,749	141,575	713,177	192,560
Etthiad Schools Co.	25,221,503	6,653,931	7,004,385	188,826
Alomana' for Investment & portfolio management	10,638,994	1,249,752	412,504	39,880
Trans World Information Technology Co.	689,804	3,709	24,679	(29,082)
Applied Energy Co. *	-	-	-	-
University Scientific Research Co. *	-	-	-	-
Jordanian Consultative Center for Administrative	-	-	-	-
<b>Total</b>	<b>11,328,798</b>	<b>1,253,461</b>	<b>437,183</b>	<b>392,184</b>
<b>Total</b>	<b>118,174,860</b>	<b>17,012,065</b>	<b>7,043,590</b>	<b>738,849</b>

\* There is no financial information because the financial statements were not issued.

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5- Follow - Investment in associates

C. The movement of investment in associates during the period as follow :

	2020	2019
	JD	JD
<b>Balance beginning of the year</b>	<b>49,180,024</b>	<b>50,065,066</b>
Company's share of associates profit	738,849	1,941,655
Net changes in fair value for associates	1,580,883	(1,302,379)
Dividends received from associates	(278,437)	(1,272,448)
Associates shares purchased	-	40,000
Prior years' income tax & expenses	(32,169)	(194,769)
Gains from selling financial assets through comprehensive income	-	(97,101)
Transfer from associates to subsidiary (note 6 C)	(10,011,419)	-
<b>Balance ending of the year</b>	<b>41,177,731</b>	<b>49,180,024</b>

D. For purposes of company's membership in the associates board of directors and other purposes for Security Depository Center , the number of share reserved as follows:

		2020	2019
	No. of shares	Market Value	
	Share	JD	JD
Inernational Co. for Medical Investments	15,600	19,500	22,620
First Finance Co.	50,000	25,500	29,000
Jordanian Real Estate Co. for Development	5,000	1,800	5,000
<b>Total</b>		<b>46,800</b>	<b>56,620</b>

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**6- Investments in subsidiary**

A. This item consists of :

	No. of shares	Ownerity rate	2020	2019
	Share	%	JD	JD
<b><u>National</u></b>				
<b><u>Public shareholding companies (listed)</u></b>				
Ibn Alhaytham Hospital Co. (note 6 B)	10,040,123	50.2	10,381,004	-
<b><u>Limited liability companies (unListed)</u></b>				
Jordan Medical Modern University Company				
- under incorporation	50,000	100	50,000	-
<b>Total</b>			<b>10,431,004</b>	<b>-</b>

B. The market value of the investment in Ibn Al Haytham Hospital is 11,746,944 JD, and for the purposes of company membership in the hospital's board of directors, the shares reserved from the shares owned in its capital reached 20,000 shares with a market valueIt amounted to 23,400 JD.

C. **The movement of investment in subsidiary during the period as follow :**

	2020	2019
	JD	JD
<b>Balance beginning of the year</b>	-	-
Transfer from associates to subsidiary (note 5 C)	10,011,419	-
Subsidiary shares purchased	419,585	-
<b>Balance ending of the year</b>	<b>10,431,004</b>	<b>-</b>

D. **The following summary of assets, liabilities, revenues of subsidiary:**

	Activity	Assets	Liabilities	Revenues
		JD	JD	JD
Ibn Alhaytham Hospital Co.	Medical	31,519,327	9,045,732	11,554,188
Jordan Medical Modern University Company				
- under incorporation *	Educational	-	-	-

\* There is no financial information because the financial statements were not issued, as the company was established on **December 22, 2020**.

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7- Property , plant & equipments - Net

A. This item consists of the following :

	Lands		Buildings & constructions		Laboratory equipment & office machines		Furniture & fixtures		Scientific research instrument - solar energy		Cars & buses		Books & yearicals		Tools & equipments		Laboratory equipments		Educational & clarification		Power plant		Others		Irrigation networks		Parking		Leasehold improvements		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			
<b>Cost</b>																																
Balance beginning of the year	10,145,305	41,752,463	14,354,276	4,628,632	2,913,543	2,617,848	3,267,536	272,538	136,184	327,058	151,191	55,167	15,081	112,828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,749,650	
Additions for the year	-	48,109	88,671	7,479	13,877	10,105	25,164	740	61,887	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,082	
Disposals for the year	-	-	(109,353)	(43,804)	-	-	(5)	(1,725)	-	(1,671)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(156,558)	
Balance ending of the year	10,145,305	41,800,572	14,333,594	4,592,307	2,927,420	2,627,953	3,292,695	271,553	198,071	325,387	151,191	55,167	15,081	112,828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,903,174	
<b>Accumulated depreciations</b>																																
Balance beginning of the year	-	24,006,581	12,897,519	4,287,141	1,061,411	2,465,520	2,528,401	242,727	104,337	326,603	151,184	51,917	15,074	24,018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,162,433	
Depreciations for the year	-	1,228,286	414,494	97,242	292,560	38,193	63,585	13,882	17,173	-	-	921	-	16,924	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,183,260	
Disposals for the year	-	-	(108,272)	(42,033)	-	-	(5)	(1,695)	-	(1,667)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(153,672)	
Balance ending of the year	-	25,234,867	13,203,741	4,342,350	1,353,971	2,503,713	2,591,981	254,914	121,510	324,936	151,184	52,838	15,074	40,942	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,192,021	
<b>Book value as of December 31, 2020</b>	10,145,305	16,565,705	1,129,853	249,957	1,573,449	124,240	700,714	16,639	76,561	451	7	2,329	7	71,886	54,050	30,711,153																
<b>Book value as of December 31, 2019</b>	10,145,305	17,745,882	1,456,757	341,491	1,852,132	152,328	739,135	29,811	31,847	455	7	3,250	7	88,810	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,587,217	

B. Depreciated cost of property , plant & equipments and still in uses JD 30,704,584 as of December 31, 2020 (JD 27,838,263 as of December 31, 2019) .

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**8- Projects under construction**

A. This item consists of the following :

	Date of expected completion	Completion rate	2020	2019
		%	JD	JD
Land scape project	2022-3	50	228,609	228,609
University controlled camera project	2021-6	90	325,187	227,029
Solar power project	2022-11	70	523,828	487,298
<b>Total</b>			<b>1,077,624</b>	<b>942,936</b>

B. Total expected costs for projects under construction of JD **1,673,393** .

**9- Intangible assets - Net**

A. This item consists of the following :

<b><u>Computer software</u></b>	2020	2019
<b><u>Cost</u></b>	JD	
Balance beginning of the year	710,138	707,780
Additions for the year	330	2,358
Balance ending of the year	<b>710,468</b>	<b>710,138</b>
<b><u>Accumulated depreciations</u></b>		
Balance beginning of the year	704,717	700,037
Amortizations for the year	1,997	4,680
Balance ending of the year	<b>706,714</b>	<b>704,717</b>
<b>Net book value</b>	<b>3,754</b>	<b>5,421</b>

B. Amortized cost of intangible assets and still in use JD **702,015** as of **December 31, 2020**  
(JD **697,515** as of **December 31, 2019**) .



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**10- Cheques under collection & notes receivable**

A. This Item Consists of :

	2020			2019
	Short term	Long term	Total	Total
	JD	JD	JD	JD
Cheques under collection (10 B)	252,736	65,389	318,125	545,176
Notes receivable (10 C)	573,695	-	573,695	1,017,352
<b>Total</b>	<b>826,431</b>	<b>65,389</b>	<b>891,820</b>	<b>1,562,528</b>

B. Cheques under collection maturity date extend to **July 20,2025** .

C. Notes receivable maturity date extend to **December 30,2021** .

**11- Financial assets at fair value through comprehensive income statement**

A. This item consists of :

	2020	2019
<b><u>Inside JORDAN</u></b>	JD	JD
Financial assets portfolio (at cost)	733,990	733,990
Fair value adjustments	(650,171)	(642,171)
<b>Fair value</b>	<b>83,819</b>	<b>91,819</b>

B. The Company owns shares of **1,196,727** shares in Amanah Agricultural and Industrial Investments Company - a public joint stock company (an associate). The Company has created a provision for impairment in full value during the previous years.

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12- **The right to use assets & rent contracts liabilities**

C. **The movement of the right to use assets & rent contracts liabilities during the period as follow :**

	<b>The right to use assets</b>	<b>Rent contracts' liabilities</b>
	JD	JD
<b>Balance as of January 1, 2020</b>	<b>88,166</b>	<b>88,166</b>
Depreciation of the right to use assets	(29,388)	-
Interests on rents contracts liabilities	-	5,872
Payments/ payable	-	(49,072)
<b>Balance as of December 31, 2020</b>	<b>58,778</b>	<b>44,966</b>

B. **Rent contracts liabilities**

	<b>2020</b>	<b>2019</b>
	JD	JD
Rent contracts liabilities - short term	29,313	-
Rent contracts liabilities - long term	15,653	-
<b>Total</b>	<b>44,966</b>	<b>-</b>

13- **Cash on hand & at banks**

This Item Consists of :

	<b>2020</b>	<b>2019</b>
	JD	JD
Cash on hand	45,068	16,661
Current accounts at banks	118,999	294,352
<b>Total</b>	<b>164,067</b>	<b>311,013</b>

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**14- Students receivable - net**

A. This Item Consists of :

	2020	2019
	JD	JD
Students receivable	3,361,889	2,626,296
Deduct : students impairment debts (note 14 B)	(1,472,312)	(1,300,398)
<b>Net</b>	<b>1,889,577</b>	<b>1,325,898</b>

B. The movement of students impairment debts during the year as follow :

	2020	2019
	JD	JD
<b>Balance beginning of the year</b>	<b>1,300,398</b>	<b>1,333,918</b>
Additions for the year	171,914	61,040
Disposals for the year (returned to income st.)	-	(94,560)
<b>Balance ending of the year</b>	<b>1,472,312</b>	<b>1,300,398</b>

**15- Financial assets at fair value through income statement**

This item consists of :

	Number of shares	2020	2019
	Share	JD	JD
<b><u>Inside JORDAN</u></b>			
<b><u>Public shareholding companies (Listed)</u></b>			
Al-Isra for education and investment Co.	106,081	301,270	312,939
<b><u>Public shareholding companies (Un-listed)</u></b>			
First national vegetable oil industries Co.	350,575	24,539	24,539
<b>Fair value</b>		<b>325,809</b>	<b>337,478</b>

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16- **Other debit balances - net**

A. This item consists of :

	2020	2019
	JD	JD
Prepaid expenses	108,355	123,564
Refundable deposits	378,302	305,168
Employees & resigned receivable	272,768	147,674
Employees receivable - scholarship (note 16 C)	822,729	991,697
Advanced payments & others (note 16 B)	833,018	962,957
Other debit accounts	188,519	313,655
Deferred Payment Murabaha - Al Rajhi Bank (note 21 B)	105,000	-
Refundable deposits - solar power project - under process	-	335,275
<b>Total</b>	<b>2,708,691</b>	<b>3,179,990</b>
Deduct : employees & others impairment debts	(310,420)	(310,420)
<b>Net</b>	<b>2,398,271</b>	<b>2,869,570</b>

B. **Details of advanced payments & others**

	2020	2019
	JD	JD
Advanced payments on solar energy project	530,000	530,000
Other advanced payments	303,018	432,957
<b>Total</b>	<b>833,018</b>	<b>962,957</b>

C. Employees receivables - scholarships represent the value of students 'scholarships to study outside Jordan, which covers study bills, monthly salaries, travel tickets, health insurance, and others. These receivables are closed in scholarship and scientific research expenses based on the calculation of 2% of the university's revenues. Which were allocated by the Ministry of Higher Education for the purposes of scientific research, and these receivables are guaranteed by first-class mortgages in favor of the university, checks and bills of exchange covering the value of 150% of the value of the scholarships.

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17- **Owners' equity**

A. **Capital**

Declared & Paid capital amounted of JD 40,500,000 distributed on 40,500,000 shares, of Nominal value for each share of one JD .

B. **Statutory reserve**

This item represents the accumulated amounts appropriated at a rate of 10% of annual income and prior years, the appropriation will stop when the statutory reserve amount equals the capital , it is not available for distribution to the shareholders, provided that deductions for statutory reserve account do not exceed 25% of the paid up capital, and it can be used for amortization accumulated loss in accordance with the companies law. The board of directors in its meeting number 2/2013 held on February 25, 2013 to stop deducting statutory reserve according to reached to 25% of declared and paid up capital.

C. **Fair value reserve**

Fair value reserve represents of Decrease or increase of financial assets fair value as follows :

	2020 JD	2019 JD
Balance at beginning of the year	(911,875)	370,559
Change during the year	1,572,883	(1,282,434)
Balance at ending of the year	<u>661,008</u>	<u>(911,875)</u>

D. **Retained earnings**

**The movement of retained earnings during the year as follow :**

	2020 JD	2019 JD
Retained earnings at begginig of the year	24,597,342	25,314,111
Prior years income tax & expenses	(32,169)	(697,778)
Adjusted openning balances	24,565,173	24,616,333
Profit for the year	4,714,132	6,056,009
Dividends paid to shareholders *	(4,050,000)	(6,075,000)
Retained earnings at ending of the year	<u>25,229,305</u>	<u>24,597,342</u>
<b><u>It's distributed as follows:</u></b>		
Retained earnings from realized profit	12,699,657	12,564,497
Retained earnings from unrealized profit	12,529,648	12,032,845
Retained earnings at ending of the year	<u>25,229,305</u>	<u>24,597,342</u>

**D. Follow - retained earnings**

- \* The board of directors decided in their meeting held on **March 30, 2021** to suggest to the ordinary general assembly for distributing cash dividends at the rate of **8%** of capital, amounted of **JD 3,240,000**.
- \* The general assembly decided in its ordinary meeting held on **June 23, 2020** to distribute cash dividends at the rate of **10%** of capital, amounted of **JD 4,050,000**.

**18- End of service idemnity**

**The movement of end of service idemnity during the year as follow :**

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance beginning of the year	249,778	319,661
Additions for the year	51,662	25,651
Returned from end of service idemnity to income statement	-	(95,534)
Paid from end of service idemnity	(2,235)	-
Balance ending of the year	<u>299,205</u>	<u>249,778</u>

**19- Deffered cheques**

**A. This Item Consists of :**

	<u>2020</u>	<u>2019</u>
	JD	JD
Short term	693,229	343,506
Long term	-	138,255
Total	<u>693,229</u>	<u>481,761</u>

- B. Cheques under collection maturity date extend to **January 17, 2021** .
- C. Deffered checks represent the value of payments to the associate company (Applied Energy Company) to pay part of the company's share in the renewable energy project which mentioned in projects under construction.

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**20- Banks overdraft**

A. This item consists of :

	Facilities limit JD	Interest rate %	2020 JD	2019 JD
Arab bank	3,250,000	7.125	2,170,533	1,533,214
Ittihad bank	5,000,000	7	2,000,375	5,007,193
Arab bank	750,000	7.125	65,750	519,494
<b>Total</b>			<b>4,236,658</b>	<b>7,059,901</b>

B. Arab bank facilities due date of **May 27, 2021**

C. Ittihad bank facilities due date of **January 31, 2021**

D. All facilities had been given to company through company's name gurantee .

**21- Loans**

A. This Item Consists of :

	2020			2019
	Short term	Long term	Total	Total
	JD	JD	JD	JD
Al-Rajhi Bank (20B)	6,105,000	-	6,105,000	-
<b>Total</b>	<b>6,105,000</b>	<b>-</b>	<b>6,105,000</b>	<b>-</b>

B. The company obtained 2 loans from Al-Rajhi Bank on December 7, 2020 and December 24, 2020, respectively, at a value of 3,000,000 dinars for each, with a total of 6,000,000 Jordanian dinars, in return for selling goods to the customer on credit. The loans are due on March 7, 2021 and 24. March 2021, respectively, and profits of 105,000 dinars for the two loans were calculated equally as deferred profits.

**22- Unearned revenues**

This item consists of :

	2020 JD	2019 JD
Tuition fees and others	1,310,794	1,639,035
Revenue of credit hours & students transfer fees (note 25)	906,356	953,981
Others	1,501	26,484
<b>Total</b>	<b>2,218,651</b>	<b>2,619,500</b>



23- **Income tax provision**

A. **The movement of income tax provision during the period as follow :**

	<u>2020</u>	<u>2019</u>
	JD	JD
<b>Balance beginning of the year</b>	<b>1,030,565</b>	<b>1,006,151</b>
Tax of the year (note 23 C)	1,124,598	1,167,119
Paid tax during the year	(954,048)	(960,000)
Semi annual income tax paid	(265,054)	(182,705)
<b>Balance ending of the year</b>	<b><u>936,061</u></b>	<b><u>1,030,565</u></b>

- B. Income tax was accepted for the end of **2018** within the sampling system, and for **2019**, a self-assessment statement was submitted for it and not yet reviewed.

C. **Reconciliation of taxable income**

	<u>2020</u>	<u>2019</u>
	JD	JD
Recorded profit	5,838,730	7,223,128
Non-taxable income	(839,579)	(2,200,353)
Non-taxable expenses	356,079	534,935
<b>Taxable income</b>	<b><u>5,355,230</u></b>	<b><u>5,557,710</u></b>
Income tax rate	20%	20%
<b>Income tax for the year</b>	<b><u>1,071,046</u></b>	<b><u>1,111,542</u></b>
<b>National contribution accountt (1% of taxable income)</b>	<b><u>53,552</u></b>	<b><u>55,577</u></b>
<b>Total income tax</b>	<b><u>1,124,598</u></b>	<b><u>1,167,119</u></b>

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**24- Other credit balances**

This item consists of :

	2020	2019
	JD	JD
Due to shareholders	1,221,142	1,059,591
Claims provision (note 31)	1,861,463	1,702,553
Due to social security, income tax & sales tax	144,020	160,064
Due to others	118,592	76,963
Board of directors bonus provision	60,000	60,000
Accrued expenses	35,744	42,764
Vacations provision	106,794	181,456
Provision for first & second yearly salary & special contract	52,947	70,712
Employees & resigned payable	146,412	112,516
Contractors retentions	240	740
<b>Total</b>	<b>3,747,354</b>	<b>3,467,359</b>

**25- Net revenues**

This item consists of :

	2020	2019
	JD	JD
Credit hours fees	15,886,237	16,414,506
Services & students transfers fees	4,619,143	4,437,216
Registration fees & others	384,570	829,549
<b>Total</b>	<b>20,889,950</b>	<b>21,681,271</b>
Less: unearned revenues (note 22)	(906,356)	(953,981)
<b>Total</b>	<b>19,983,594</b>	<b>20,727,290</b>

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26- **Operating expenses**

A. This item consists of :

	2020	2019
	JD	JD
Employees costs (note 26 B)	8,252,891	8,456,304
Teaching, research, scholarship and students activities needs	1,100,909	1,292,593
Depreciations & amortizations	2,154,215	2,296,356
Students medical insurance	10,095	147,886
Water, electricity & fuel	656,901	1,169,344
College accreditation fees	211,705	279,876
Maintenance	125,073	202,784
Insurance and licenses	477,786	151,505
Stationary, printing and computers' needs	69,557	80,141
Advertising, newspapers & magazines	86,966	162,354
Entertainment, cleaning & donations	185,812	175,863
Communications and post	59,406	66,439
Trustees board transportations	51,000	51,000
Professional fees & dues	83,510	69,554
Others	31,875	37,068
<b>Total</b>	<b>13,557,701</b>	<b>14,639,067</b>

B. **Employees costs (operating)**

This item consists of :

	2020	2019
	JD	JD
Salaries, wages and bonuses	7,246,635	7,461,963
Company's share of social security	799,573	854,413
Medical insurance	169,494	124,761
Clothes & protective materials	11,177	15,033
End of service indemnity	26,012	-
Provision for second salary & special contract	-	134
<b>Total</b>	<b>8,252,891</b>	<b>8,456,304</b>

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**27- General and administrative expenses**

A. This item consists of :

	2020	2019
	JD	JD
Employees costs (note 27 B)	761,584	808,964
Board of directors bonus provision	60,000	60,000
Rents	13,250	39,726
Maintenance	2,765	5,266
Board of directors transportations	36,000	36,000
Governmental fees & licenses	16,970	16,336
Advertising, newspapers, magazines & travel	405	2,089
Stationary, printing and computers' needs	4,142	3,538
Communications and post	6,320	10,862
Entertainment , cleaning & donations	30,600	7,206
Water, electricity & fuel	2,091	6,709
Insurance and licenses	4,109	6,054
Depreciations & amortizations	31,042	31,277
Depreciation of the right to use assets	29,389	-
Interests on rents contracts liabilities	5,872	-
<b>Total</b>	<b>1,004,539</b>	<b>1,034,027</b>

**B. Employees costs (administrative)**

This item consists of :

	2020	2019
	JD	JD
Salaries , wages and bonuses	574,417	624,627
Company's share of social security	16,147	20,294
Medical insurance	23,870	17,642
Income tax	121,500	120,750
End of service indemnity	25,650	25,651
<b>Total</b>	<b>761,584</b>	<b>808,964</b>

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**28- Other revenues**

This item consists of :

	2020 JD	2019 JD
Booths rent revenues	24,804	121,124
Universitys' facilities net revenues	11,598	263,629
Cources net revenues	117,085	263,795
Others	68,521	129,374
Capital (losses) gains	(2,611)	1,982
End of scholarship revenues / claims	20,107	169,981
Returned from special contracts and vacation provisions	100,730	132,314
Dividends distributed by the investee companies	26,520	31,824
Returned from impairment debts	-	94,560
<b>Total</b>	<b>366,754</b>	<b>1,208,583</b>

**29- Basic and diluted earning per share**

This item consists of :

	2020 JD	2019 JD
Profit of the period after tax (JD)	4,714,132	6,056,009
Weighted average shares (share)	40,500,000	40,500,000
<b>Basic and diluted earning per share</b>	<b>0.116</b>	<b>0.150</b>

The diluted earning per share is equal to the basic earning per share .

**30- Contingent liabilities**

At the date of financial statements there were contingent liabilities represented of :

	2020 JD	2019 JD
Banks guarantees	1,762,876	1,762,876
Refundable deposits - under process solar power project	-	335,275
<b>Total</b>	<b>1,762,876</b>	<b>2,098,151</b>

**31- Legal situation**

There are cases filed by the company against third parties with a value of JD **1,847,962** , including cases filed against the Ministry of Higher Education and Scientific Research. Transfer it to the Scientific Research Fund. The purpose of this is to prevent a claim for payment of JD **1,626,256** on the grounds that this amount is in excess of the percentage allocated for the purposes of scientific research and fielding for previous years and the company should transfer it to the Scientific Research Fund.

There are lawsuits filed by third parties against the company amounting to JD **1,133,427** and include a case worth JD **1** million filed by Azmi Shaaban in his personal capacity against Amana for Agricultural Investments company and its board of directors members. Where he lent the company the amount of one million Jordanian dinars, the Arab International Company for Education and Investment is a member of the board of directors of the company.

The members of the Board have signed a guarantee to pay the premiums of the loan granted to the company and the member representing the Arab International Company for Education and Investment exceeded the limits of his mandate to represent the company in the board. The Court of First Instance issued a decision to dismiss the lawsuit from the Arab Company for Education and Investment and obliged the company's representative in the Board in his personal capacity to a share of the amount of JD **748,000** (representing the remaining amount of the loan granted). The decision was appealed and the Court of Appeal issued a decision to commit the Arab International Company for Education and Investment to its share of the amount of JD **124,666** and the case is currently pending before the Court of Cassation, and the rest of the cases filed against the company, mostly labor cases.

In the opinion of the legal advisor of the company, the result of these cases will be in favor of the company, and adequate provisions have been made to them in the financial statements.

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**32- Related parties transactions**

Related parties include key shareholders , key management personnel , key managers , associates and subsidiaries and controlled companies . The company's management has approved the pricing policies and terms of transactions with related parties.

**A. Details of due from related parties appear on financial position - net**

	Type of transaction	2020 JD	2019 JD
<b><u>Associates</u></b>			
Arab Int'l Food & Factories & Investments Co.	Expenses	5,591	37,699
International Co. for Medical Investments	Exp. & property	182,750	181,272
Etihad Schools Co.	Expenses	27,412	71,144
Jordanian Real Estate Co. for Development	Expenses	415	19,786
Applied Energy Co.	Finance	664,592	345,792
University Scientific Research Co.	Finance	8,132	8,132
Jordanian Consultative Center for Administrative Development & Capacity Building	Finance	86,500	86,500
Alomana Company for Investment and Portfolio Management	intermediation	1,016	-
Amana Company for Agricultural and Industrial Investments	Finance	33,917	33,917
<b><u>Subsidiary</u></b>			
Ibn Alhaytham Hospital Co.	Treatments	71,871	-
Jordan Medical Modern University Company	Finance	5,000,287	-
<b>Total</b>		<b>6,082,483</b>	<b>784,242</b>
Deduct : related parties impairment debts		(128,550)	(128,550)
<b>Net</b>		<b>5,953,933</b>	<b>655,692</b>

**B. Details of due to related parties appear on financial position**

	Type of transaction	2020 JD	2019 JD
<b><u>Associates</u></b>			
Trans World Information Technology Co.	Soft wares	88,556	88,700
First Finance Co.	Expenses	8,075	3,150
Haman Real Estate Company	Rents	16,358	-
<b><u>Subsidiary</u></b>			
Ibn Alhaytham Hospital Co.	Treatments	-	167,389
<b>Total</b>		<b>112,989</b>	<b>259,239</b>



32- **Follow - related parties transactions**

C. **Details of related parties balances appear on statement of income**

	Type of transaction	2020 JD	2019 JD
<b><u>Subsidiary</u></b>			
Ibn Alhaytham Hospital Co.	Treatments	206,589	276,655

D. **Wages , allowances and other benefits for senior excutive managements :**

	2020 JD	2019 JD
Wages & other benefits	989,420	984,536

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**33- Sectors classification**

The company has several sectors as described below and are strategic in the company. Strategic departments provide different products and services, and are managed separately because they require different technical and marketing strategies.

Information relating to the result of each sector is included in the report below. Performance is measured based on the profit segment before tax, as reported in internal management reports reviewed by the company's management. The profit of the segment is used to measure performance where management believes that this information is most important in evaluating the results of certain segments relating to other entities operating within these segments.

When providing information on geographical basis, segment revenue is based on the geographical location of the customers and the segment's assets are based on the geographical location of the assets.

The company operates its activities in major operating segments, which comprise of education and investments and other revenues.

The company operated its activities inside of JORDAN.

	2020			
	<u>Main activity</u>	<u>Investments</u>	<u>Others</u>	<u>Total</u>
	JD	JD	JD	JD
Revenues	19,983,594	765,369	342,845	21,091,808
<b><u>Assets &amp; liabilities</u></b>				
Assets	43,384,896	52,018,363	164,067	95,567,326
Liabilities	-	-	19,052,013	19,052,013
<b><u>Other sectors informations</u></b>				
Capital expenses	-	-	445,100	445,100
Depreciations	-	-	2,185,257	2,185,257

	2019			
	<u>Main activity</u>	<u>Investments</u>	<u>Others</u>	<u>Total</u>
	JD	JD	JD	JD
Revenues	20,727,290	1,973,479	1,176,759	23,877,528
<b><u>Assets &amp; liabilities</u></b>				
Assets	40,357,459	49,609,321	311,013	90,277,793
Liabilities	-	-	15,967,326	15,967,326
<b><u>Other sectors informations</u></b>				
Capital expenses	-	-	854,391	854,391
Depreciations	-	-	2,327,633	2,327,633

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34- **Assets & liabilities accrual analysis**

This item consists of the following :

	2020		
	Until 1 year JD	More than 1 year JD	Total JD
<b><u>Assets</u></b>			
<b><u>Non - current assets</u></b>			
Investments in associates	-	41,177,731	41,177,731
Investments in subsidiary	-	10,431,004	10,431,004
Property, plant & equipments - net	-	30,711,153	30,711,153
Projects under construction	1,077,624	-	1,077,624
Intangible assets - net	-	3,754	3,754
Cheques under collection & notes receivable -long term	-	65,389	65,389
Financial assets at fair value through comprehensive income st.	-	83,819	83,819
The right to use assets	29,389	29,389	58,778
<b>Total non - current assets</b>	<b>1,107,013</b>	<b>82,502,239</b>	<b>83,609,252</b>
<b><u>Current assets</u></b>			
Cash on hand and at banks	164,067	-	164,067
Students receivable - net	1,889,577	-	1,889,577
Cheques under collection & notes receivable - short term	826,431	-	826,431
Due from related parties	5,953,933	-	5,953,933
Financial assets at fair value through income statement	325,809	-	325,809
Warehouse supplies and other	399,986	-	399,986
Other debit balances - net	2,398,271	-	2,398,271
<b>Total current assets</b>	<b>11,958,074</b>	<b>-</b>	<b>11,958,074</b>
<b>Total assets</b>	<b>13,065,087</b>	<b>82,502,239</b>	<b>95,567,326</b>
<b><u>Current liabilities</u></b>			
Banks overdraft	4,236,658	-	4,236,658
Loans - short term	6,105,000	-	6,105,000
Accounts payable	-	385,018	385,018
Rent contracts' liabilities - short term	29,313	-	29,313
Deffered cheques - short term	693,229	-	693,229
Due to related parties	112,989	-	112,989
Unearned revenues	2,218,651	-	2,218,651
Students refundable deposits	54,576	218,306	272,882
Income tax provision	936,061	-	936,061
Other credit balances	1,897,354	1,850,000	3,747,354
<b>Total current liabilities</b>	<b>16,283,831</b>	<b>2,453,324</b>	<b>18,737,155</b>
Provision for end of service indemnity	-	299,205	299,205
Rent contracts' liabilities - long term	-	15,653	15,653
<b>Net</b>	<b>(3,218,744)</b>	<b>79,734,057</b>	<b>76,515,313</b>

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**34- Follow - Assets & liabilities accrual analysis**

This item consists of the following :

	2019		
	Until 1 year	More than	Total
	JD	1 year	JD
		JD	JD
<b><u>Assets</u></b>			
<b><u>Non - current assets</u></b>			
Investments in associates	-	49,180,024	49,180,024
Property, plant & equipments - net	-	32,587,217	32,587,217
Projects under construction	942,936	-	942,936
Intangible assets - net	-	5,421	5,421
Cheques under collection & notes receivable -long term	-	99,189	99,189
Financial assets at fair value through comprehensive income st.	-	91,819	91,819
<b>Total non - current assets</b>	<b>942,936</b>	<b>81,963,670</b>	<b>82,906,606</b>
<b><u>Current assets</u></b>			
Cash on hand and at banks	311,013	-	311,013
Students receivable - net	1,325,898	-	1,325,898
Cheques under collection & notes receivable - short term	1,463,339	-	1,463,339
Due from related parties	655,692	-	655,692
Financial assets at fair value through income statement	337,478	-	337,478
Warehouse supplies and other	408,197	-	408,197
Other debit balances - net	2,869,570	-	2,869,570
<b>Total current assets</b>	<b>7,371,187</b>	<b>-</b>	<b>7,371,187</b>
<b>Total assets</b>	<b>8,314,123</b>	<b>81,963,670</b>	<b>90,277,793</b>
<b><u>Current liabilities</u></b>			
Banks overdraft	7,059,901	-	7,059,901
Accounts payable	567,216	-	567,216
Deffered cheques - short term	343,506	-	343,506
Due to related parties	259,239	-	259,239
Unearned revenues	2,619,500	-	2,619,500
Students refundable deposits	46,401	185,606	232,007
Income tax provision	1,030,565	-	1,030,565
Other credit balances	2,253,783	1,213,576	3,467,359
<b>Total current liabilities</b>	<b>14,180,111</b>	<b>1,399,182</b>	<b>15,579,293</b>
Provision for end of service indemnity	-	249,778	249,778
Deffered cheques - long term	-	138,255	138,255
<b>Net</b>	<b>(5,865,988)</b>	<b>80,176,455</b>	<b>74,310,467</b>

### 35- Risk management

#### Interest price risk

Company is facing interest price risks on its assets and liabilities because the company having deposits and facilities at banks .

#### Credit risks

These risks rise from receivables & others treatments which may cause defaults from parties to pay their commitments.

The management believes that there are no credit risk facing the company because there are no any receivables or material balances at banks .

#### Liquidity risks

Liquidity risks represents of inability making sure of facilities availability to performance its obligations in due dated.

The following schedule summarizes distribution of financial liabilities (non-discounted) as of **December 31, 2020** based on remaining period for contractual entitlement :

	2020			
	Less than 3 months JD	From 3 months to 1 year JD	From 1 to 5 years JD	Total JD
Provision for end of service indemnity	-	299,205	-	299,205
Banks overdraft	-	4,236,658	-	4,236,658
Loans	6,105,000	-	-	6,105,000
Accounts payable	-	385,018	-	385,018
Rent contracts' liabilities	29,313	15,653	-	44,966
Deffered cheques	-	693,229	-	693,229
Due to related parties	-	112,989	-	112,989
Unearned revenues	2,218,651	-	-	2,218,651
Students refundable deposits	-	54,576	218,306	272,882
Income tax provision	-	936,061	-	936,061
Other credit balances	300,000	1,597,354	1,850,000	3,747,354
<b>Total</b>	<b>8,652,964</b>	<b>8,330,743</b>	<b>2,068,306</b>	<b>19,052,013</b>

**Arab International Company for  
Education and Investment**  
Public shareholding company  
Amman - The Hashemite Kingdom of Jordan  
Notes to the financial statements

**35- Follow - Risk management**

**Follow - Liquidity risks**

	2019			
	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Total
	JD	JD	JD	JD
Provision for end of service indemnity	-	-	249,778	249,778
Banks overdraft	-	-	7,059,901	7,059,901
Accounts payable	-	567,216	-	567,216
Deffered cheques	26,225	317,281	138,255	481,761
Due to related parties	-	259,239	-	259,239
Unearned revenues	2,619,500	-	-	2,619,500
Students refundable deposits	-	46,401	185,606	232,007
Income tax provision	-	1,030,565	-	1,030,565
Other credit balances	450,756	1,803,027	1,213,576	3,467,359
<b>Total</b>	<b>3,096,481</b>	<b>4,023,729</b>	<b>8,847,116</b>	<b>15,967,326</b>

The company managed its finance risks through keeping reserves and has continuos control on actual cash flows, also complying the timing of both assets with liabilities and the management beleive there is no liquidity risks.

**Liquidity as of financial statements as follows :**

	2020	2019
	JD	JD
Current assets	11,958,074	7,371,187
Current liabilities	(18,737,155)	(15,579,293)
<b>Deficet of working capital</b>	<b>(6,779,081)</b>	<b>(8,208,106)</b>

Managemnet of the company create available financial resources when needed and through the company's operation, based on that the management foresees no issues in meeting the current liabilities when these liabilities due at least for the twelve months.

**Currencies risks**

Most of company's transactions was in Jordanoan Dinars , so the effect of currencies risks is not material to financial statements .

**36- Subsequent events**

There are no subsequent events may have material affects to financial position .

**37- Capital management**

Main objective of capital management is to insure keeping capital ratio appropriate to support company's activity and maximizing Shareholders equity .

Company managing capital structure and making needs adjustments according to ganges in work conditions ,the company structuring capital by decrease it because of no needs for this amount currently .

The items include in capital structure represents of paid capital & statutory reserve & retained earnings totaling of JD **75,854,305** as of December **31, 2020** opposite of JD **75,222,342** as of **December 31, 2019**.

**38- The impact of the Corona virus (Covid-19) outbreak on the company**

In light of the continuing impact of the Coronavirus (Covid-19) on the global economy and various business sectors, and the accompanying restrictions and measures imposed by the Jordanian government, the company's operational activities have been affected by these events.

The extent and duration of these effects are not defined and depend on future developments that cannot be accurately predicted at the present time, such as the rate of spread of the virus and the effectiveness of measures taken to contain it. In light of the current economic turmoil, it is not possible to make reliable estimates about the impact of the virus until the date of approval of the financial statements. Future developments may affect the company's future results, cash flows, and financial condition.

**39- Comparative figures**

Some of the comparative figures have been reclassified to suit the classification of the current fiscal year figures. The reclassification and did not result in any impact on the profit or property rights of the previous year.