JORDAN HOTELS AND TOURISM COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2022

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Hotels and Tourism Public Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Hotels and Tourism Public Shareholding Company "the Company", which comprise the statement of financial position as at 31 December 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *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.

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Key Audit Matters

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

<table>
<tr><td colspan="2">Key Audit Matter (1): Revenue Recognition

Refer to note (15) to the financial statements</td></tr>
<tr><td>Key Audit Matter

Revenues are mostly generated from reservations of rooms and sale of food and beverages, within the different outlets. Revenues are recognized based on all the services availed and sales to customers.

Revenue recognition was considered a key audit matter for the year 2022 due to the risk of errors in revenue recording and recognition as a result of the high volume of relatively low value transactions. A risk is also present in invoices that may be issued for services that are rendered but are not fully recorded and hence may result in an overstatement or understatement of revenues.

The Company focuses on revenues as a key performance measure, which may create an incentive for revenue to be recognized before rendering the service. Operating revenues for the year ended 31 December 2022 amounted to JD 13,895,225 (2021: JD 7,622,787).</td><td>How the key audit matter was addressed in the audit

Audit procedures included testing the Company's controls around revenue recognition and key manual controls in the revenue recognition process. We performed detailed analytical procedures for the gross margin on a monthly basis for all types of revenue (rooms, food and beverages, and other departments). Having built expectations about revenue figures for the year, we performed substantive analytical procedures using financial and non-financial information. We selected and tested a sample of daily reports based on which revenues are recorded to ensure proper revenue recognition. We selected a sample before and after 2022 year-end to assess whether the revenue was recognized in the correct period.</td></tr>
</table>

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<table>
<tr><td colspan="2">Key Audit Matter (2): Impairment of property and equipment

Refer to note (3) to the financial statements</td></tr>
<tr><td>Key Audit Matter

We have considered impairment of property and equipment a key audit matter due to the following reasons:

• The net book values of the property and equipment as of 31 December 2022 amounted to JD 22,566,290, representing 68% of the Company’s total assets.

• Assessment of the existence of indicators of impairment and estimation of recoverable amount by the Company involves judgement and estimation uncertainty.</td><td>How the key audit matter was addressed in the audit

Our audit procedures included the following:

• Reviewed the Company’s process of identifying possible indicators of impairment of the property and equipment.
• Reviewed the parameters used by the Company to identify indicators of impairment to ensure that these are reasonable.
• Reviewed the appropriateness of the impairment assessment methodology used by the Company.
• Challenged the reasonableness of key assumptions and inputs used in estimating the recoverable amount of the assets.
• Reviewed the adequacy of the Company’s disclosure related to impairment of property and equipment in the financial statements by reference to the requirements of the relevant accounting standards.</td></tr>
</table>

Other information included in the Company's 2022 annual report

Other information consists of the information included in the Company's 2022 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 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.

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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, actions taken to eliminate threats or safeguards applied.

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
23 March 2023

ERNST & YOUNG
Amman - Jordan

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
ASSETS			
Non-current assets -			
Land		751,011	751,011
Property and equipment	3	22,566,290	23,323,179
Projects in progress	4	22,790	151,027
Financial assets at fair value through other comprehensive income	5	2,400	1,400
Deferred tax assets	6	1,104,183	1,142,826
Right-of-use assets – lease contract	7	1,914,602	2,085,965
		26,361,276	27,455,408
Current assets -			
Inventories		83,990	68,828
Accounts receivable	8	536,045	389,490
Other current assets	9	243,786	180,717
Cash on hand and at banks	10	5,875,987	3,828,888
		6,739,808	4,467,923
TOTAL ASSETS		33,101,084	31,923,331
EQUITY AND LIABILITIES			
Equity -			
Paid in capital	1 &11	10,000,000	10,000,000
Share premium	11	505,173	505,173
Statutory reserve	11	2,569,247	2,569,247
Voluntary reserve	11	3,800,824	3,800,824
Fair value reserve		(30,000)	(30,000)
Retained earnings		6,807,105	7,424,733
Total Equity		23,652,349	24,269,977
Liabilities -			
Non-current liabilities -			
Long term loans	12	2,136,919	1,156,530
Deferred tax liabilities	6	31,529	83,580
Long-term lease obligations	7	1,557,289	1,686,954
Other current liabilities	13	1,551,762	1,462,286
		5,277,499	4,389,350
Current liabilities -			
Short term portion of long-term loans	12	254,317	162,592
Accounts payable		1,624,167	1,277,514
Due to related parties	14	110,728	76,999
Other current liabilities	13	1,819,304	1,346,665
Short term lease obligations	7	362,720	400,234
		4,171,236	3,264,004
Total Liabilities		9,448,735	7,653,354
TOTAL EQUITY AND LIABILITIES		33,101,084	31,923,331

The accompanying notes from 1 to 22 form part of these financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Operating revenues		13,895,225	7,622,787
Operating expenses		(11,555,985)	(7,136,789)
Net operating revenues	15	2,339,240	485,998
Rental revenues		87,827	46,693
Interest income		78,749	21,249
Other revenues		82,287	3,050
Depreciation of property and equipment	3	(1,770,730)	(1,757,174)
Depreciation of right-of-use assets	7	(171,363)	(146,639)
Finance costs		(66,688)	(16,577)
Finance cost on lease obligations	7	(180,737)	(149,831)
Gain on sale of property and equipment		21,647	20,652
Administrative expenses	16	(974,768)	(661,509)
Board of Directors' transportations and remunerations	14	(76,500)	(59,400)
Loss for the year before income tax		(631,036)	(2,213,488)
Income tax benefit, net	6	13,408	407,332
Loss for the year		(617,628)	(1,806,156)
Add: Other comprehensive income items			
Change in fair value reserve		-	-
Total comprehensive income for the year		(617,628)	(1,806,156)
		JD / Fils	JD / Fils
Basic and diluted share from the loss for the year	17	(0/062)	(0/181)

The accompanying notes from 1 to 22 form part of these financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid-in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD
2022-							
Balance at 1 January	10,000,000	505,173	2,569,247	3,800,824	(30,000)	7,424,733	24,269,977
Total comprehensive income for the year	-	-	-	-	-	(617,628)	(617,628)
Balance at 31 December	10,000,000	505,173	2,569,247	3,800,824	(30,000)	6,807,105	23,652,349
2021-							
Balance at 1 January	10,000,000	505,173	2,569,247	3,800,824	(30,000)	9,230,889	26,076,133
Total comprehensive income for the year	-	-	-	-	-	(1,806,156)	(1,806,156)
Balance at 31 December	10,000,000	505,173	2,569,247	3,800,824	(30,000)	7,424,733	24,269,977

The accompanying notes from 1 to 22 form part of these financial statements

JORDAN HOTELS AND TOURISM PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Operating Activities			
Loss for the year before income tax		(631,036)	(2,213,488)
Adjustments:			
Depreciation of property and equipment	3	1,770,730	1,757,174
Depreciation of right-of-use assets	7	171,363	146,639
Finance costs		66,688	16,577
Finance cost on lease obligations	7	180,737	149,831
Interest income		(78,749)	(21,249)
Reversal of provision for expected credit losses	8	(710)	(276)
Provision for expected credit losses	8	-	20,176
Gain on sale of property and equipment		(21,647)	(20,652)
Changes in working capital:			
Inventories		(15,162)	(1,310)
Accounts receivable		(145,845)	(152,059)
Other current assets		(43,583)	(21,787)
Accounts payable		293,424	542,608
Related parties		33,729	(139,742)
Other current liabilities		276,801	237,177
Net cash flows from operating activities		1,856,740	299,619
Investing Activities			
Purchase of property and equipment	3	(484,929)	(181,265)
Proceeds from sale of property and equipment		21,647	20,652
Projects in progress	4	(400,675)	(420,944)
Purchase of financial assets at fair value	5	(1,000)	(1,300)
Term deposit maturing between three and six months	10	(2,000,000)	-
Interest income received		59,263	21,249
Net cash flows used in investing activities		(2,805,694)	(561,608)
Financing Activities			
Dividends paid to shareholders		(163,055)	(29,421)
Proceeds from loans	12	1,363,672	1,425,188
Finance costs paid		(61,688)	(16,577)
Other current liabilities		151,811	1,167,363
Payment of lease liabilities	7	(294,687)	(241,458)
Cash flows from financing activities		996,053	2,305,095
Net increase in cash and cash equivalents		47,099	2,043,106
Cash and cash equivalents at the beginning of the year		3,828,888	1,785,782
Cash and cash equivalents at the end of the year	10	3,875,987	3,828,888

The accompanying notes from 1 to 22 form part of these financial statements

1. GENERAL

Jordan Hotels and Tourism Company (the "Company") was registered in 1955 as a public shareholding company located in Amman – Jordan. The Company increased its capital throughout the years to reach JD 10,000,000 divided into 10,000,000 shares at par value of JD 1 per share. The Company's main objectives are to invest in real estate and tourism activities.

The Company owns Intercontinental Hotel Jordan (the "Hotel") which is operated and managed by the Intercontinental Hotel Corporation (IHC) in accordance with the Operating and Management Agreement (the "Agreement") that became effective in 1972. This agreement was then replaced with another agreement effective on 1 January 2008 and was valid until 31 December 2017. The Board of Directors approved the novation extension and amendment of the Agreement with Intercontinental Hotels Corporation effective 1 January 2018 for a period of five years. The agreement has been automatically renewed for another five years ending on 31 December 2027.

The financial statements were approved by the Company's Board of Directors on 21 March 2023. These financial statements require the approval of the General Assembly of the shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The financial statements have been prepared on a historical cost convention except for the financial assets at fair value through other comprehensive income that appear at fair value on the date of the financial statements.

The financial statements are presented in Jordanian Dinar (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 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the financial statements of the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whet=her a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the financial statements of the Company.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Land

Land is stated at cost less impairment losses, if any, and is not depreciated.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is calculated on a straight-line basis, the depreciation rates are estimated according to the estimated useful lives and using the following rates:

	%
Buildings	2
Electromechanical works	15
Elevators	10
Decorations	15
Equipment and machinery	15-20
Furniture and fixtures	15
Tools	15
Computer hardware and software	20-50
Vehicles	15
Buildings improvements	7

When events or changes in circumstances indicate that the assets are recorded at values exceed the estimated recoverable amount, consequently, the assets are written down to their recoverable amount, and impairment losses are recognized in the statement of comprehensive income.

The assets useful lives and methods of depreciation are reviewed at each financial year end and to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Projects in progress

Projects in progress are stated at cost less impairment losses, if any. Projects in progress represent the costs of construction, equipment and direct costs. Projects in progress are not depreciated until they are ready for use and transferred to property and equipment.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease cotract (i.e., the date the underlying asset is available for use). Right-of-use assets are recognized at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease obligations.

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

Lease obligations

At the commencement date of the lease, the Company recognizes lease obligations 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 recognized as expenses 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.

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 change in 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 changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings and not the statement of comprehensive income. These assets are not subject to impairment testing and dividends received are recognized in the statement of comprehensive income.

Inventories

Inventories are valued at the lower of cost (weighted average) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost 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. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss provision based on lifetime ECLS at each reporting date. 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.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks and short-term deposits with an original maturity date of three months or less as they are not subject to the risk of changes in value.

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of the cash on hand, at banks and short term deposits with an original maturity date of three months or less, net of outstanding bank overdrafts.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services or goods received, whether billed by the supplier or not.

Loans

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are settled.

Amortized cost is calculated by taking into consideration any discount or premium on acquisition in addition to fees and costs, which are a part of the effective interest rate. Finance costs are recognized in the statement of comprehensive income.

Deferred grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Loans received from a government at a rate that appears to be below-market are considered government grants. The benefit of a below-market rate loan which is the excess of the consideration received from loan's proceeds over the initial carrying amount of the loan calculated as the net present value of the future cash flows at prevailing market interest rates is recorded as a government grant in the statement of financial position in accordance with International Accounting Standard IAS 20 - Government Grants.

Subsequently, interest will be imputed to the loan using the effective interest method. The grant is amortized in the statement of comprehensive income on a systematic basis that matches the related costs incurred (finance cost).

Revenue and expense recognition

Revenues are recognized according to the five-step model (IFRS 15), which includes the identification of the contract and price, the performance obligation within the contract and that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

Revenues are recognized upon rendering services and issuance of invoices.

Dividend revenue is recorded once authorized by the general committee of the invested in companies.

Interest income is recognized using effective interest rate method.

Other revenues are recognized using the accrual basis of accounting.

Expenses are recognized using the accrual basis of accounting.

Income taxes

Accrued income tax is calculated in accordance with the Income Tax Law in Hashemite Kingdom of Jordan, and in accordance with IAS (12).

Tax expense comprises current tax and deferred tax. Deferred tax is provided on temporary differences at the statement of financial position 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, based on laws that have been enacted or substantially enacted at the reporting date. 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.

Impairment of financial assets

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if present).

The Company has established a provision calculation that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

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 of disposal 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 Company 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of comprehensive income.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences resulting from the retranslation are taken to the statement of comprehensive income.

Fair value measurement

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 in the principal market for the asset or liability. In the absence of a principal market, in the most advantageous market for the asset or liability is used. The principal or the most advantageous market must be accessible to by the 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 categorized 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Current versus non-current classification -
The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Offsetting
Financial assets and financial liabilities are offset, and the net amount 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.

Contingent assets and liabilities
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.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefit is possible.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statement and applying of accounting policies demand estimates from the management that impact on the assets and liabilities and disclosure of contingent liabilities. These estimates impact on revenue, expense and provisions and it impact specially on amount and time of future cash flow and resulting time of circumstances of these future estimates. Such estimates are based on assumptions and necessarily multiple factors with varying degrees of appreciation and uncertainty and that actual results may differ from estimates and as a result of changes in future conditions and circumstances of the provision.

The significant judgements, estimates and assumptions used in the financial statements are as follows:

- A provision is established for receivables based on the basis and assumptions approved by the Company's management to estimate the required allowance for expected credit losses in accordance with IFRS 9 “Financial Instruments”.

- Income tax expense is calculated and charged for the year in accordance with laws, regulations and accounting standards. Deferred tax assets and liabilities and income tax provision are 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.

- A provision is established against court cases where the Company is the defendant, based on a legal study provided by the Company's legal advisor which determines the risk that may occur. These studies are reviewed periodically, and the provision is adjusted accordingly.

- The Company is required to make judgements and estimates affect the measurement of right-of-use assets and lease obligations. In determining the lease term, all facts and circumstances must be considered which create an economic incentive to exercise renewal options. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure the lease obligations.

3. PROPERTY AND EQUIPMENT

	Buildings	Electro-Mechanical works	Elevators	Decorations	Equipment and machinery	Furniture and fixtures	Tools	Computers hardware and software	Vehicles	Buildings improvements	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2022-											
Cost -											
At 1 January	30,742,638	19,028,279	1,437,640	767,398	8,136,989	16,205,627	1,586,116	2,032,753	282,934	923,482	81,143,856
Additions	58,701	33,771	-	-	86,242	246,874	-	35,399	23,942	-	484,929
Transfer from projects in progress	-	9,994	-	-	89,774	10,284	-	-	-	418,860	528,912
Disposals	-	(80,995)	-	-	(175,636)	(120,080)	(15,320)	(25,691)	(11,900)	-	(429,622)
At 31 December	30,801,339	18,991,049	1,437,640	767,398	8,137,369	16,342,705	1,570,796	2,042,461	294,976	1,342,342	81,728,075
Accumulated depreciation -											
At 1 January	12,180,447	18,498,468	1,437,639	767,397	7,141,287	13,944,827	1,586,115	1,940,931	211,921	111,645	57,820,677
Depreciation for the year	615,516	124,575	-	-	378,166	511,444	-	43,333	20,775	76,921	1,770,730
Disposals	-	(80,995)	-	-	(175,636)	(120,080)	(15,320)	(25,691)	(11,900)	-	(429,622)
At 31 December	12,795,963	18,542,048	1,437,639	767,397	7,343,817	14,336,191	1,570,795	1,958,573	220,796	188,566	59,161,785
Net book value-											
At 31 December	18,005,376	449,001	1	1	793,552	2,006,514	1	83,888	74,180	1,153,776	22,566,290

The cost of fully depreciated property and equipment as at 31 December 2022 is JD 42,935,989 (2021: JD 42,700,629).

	Buildings	Electro-Mechanical works	Elevators	Decorations	Equipment and machinery	Furniture and fixtures	Tools	Computers hardware and software	Vehicles	Buildings improvements	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2021-											
Cost -											
At 1 January	30,727,352	19,007,110	1,437,640	769,188	8,114,916	16,275,414	1,620,560	2,026,340	282,934	760,565	81,022,019
Additions	15,286	6,249	-	-	76,559	66,729	-	16,442	-	-	181,265
Transfer from projects in progress	-	33,720	-	-	32,180	33,124	-	19,276	-	162,917	281,217
Disposals	-	(18,800)	-	(1,790)	(86,666)	(169,640)	(34,444)	(29,305)	-	-	(340,645)
At 31 December	30,742,638	19,028,279	1,437,640	767,398	8,136,989	16,205,627	1,586,116	2,032,753	282,934	923,482	81,143,856
Accumulated depreciation -											
At 1 January	11,560,727	18,394,184	1,435,561	769,187	6,849,187	13,598,713	1,620,559	1,926,965	191,745	57,320	56,404,148
Depreciation for the year	619,720	123,084	2,078	-	378,766	515,754	-	43,271	20,176	54,325	1,757,174
Disposals	-	(18,800)	-	(1,790)	(86,666)	(169,640)	(34,444)	(29,305)	-	-	(340,645)
At 31 December	12,180,447	18,498,468	1,437,639	767,397	7,141,287	13,944,827	1,586,115	1,940,931	211,921	111,645	57,820,677
Net book value-											
At 31 December	18,562,191	529,811	1	1	995,702	2,260,800	1	91,822	71,013	811,837	23,323,179

4. PROJECTS IN PROGRESS

This item represents renovation costs at the Hotel. Movement on this account is as follows:

	2022	2021
	JD	JD
Beginning balance	151,027	11,300
Additions	400,675	420,944
Transfer to property and equipment	(528,912)	(281,217)
Ending balance	22,790	151,027

The estimated cost to complete the undergoing projects is JD 2,568,000 as at 31 December 2022. Management expects to complete these projects during the year 2024.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	JD	JD
Unquoted shares / local		
Himmeh Solar Power	2,400	1,400

Movement on financial assets at fair value through other comprehensive income is as follows:

	2022	2021
	JD	JD
Beginning balance	1,400	100
Additions during the year	1,000	1,300
Ending balance	2,400	1,400

6. INCOME TAX

No income tax provision was calculated for the Company for the year 2022 due to accumulated losses from prior years, in accordance with Income Tax Law No. (34) of 2014 and its amendments. No income tax provision was calculated for the Company for the year 2021 due to the excess of deductible expenses over taxable revenues.

Income tax, net -

The income tax expense appearing on the statement of comprehensive income represents the following:

	2022	2021
	JD	JD
Deductions (additions) of deferred tax assets	38,643	(417,989)
(Additions) deductions of deferred tax liabilities	(52,051)	10,657
Income tax benefit	(13,408)	(407,332)

The Company has submitted its tax returns to the Income Tax Department up to the year 2021. The Income Tax Department has not reviewed the Company's records for the years 2019, 2020 and 2021 up to the date of these financial statements.

The Company obtained final clearance from the Income and Sales Tax Department up to the year 2017. The Company's tax return for the year 2018 was accepted using the sampling system.

The reconciliation between accounting loss with taxable profit (loss) is as follow:

	2022	2021
	JD	JD
Accounting loss before tax	(631,036)	(2,213,488)
Add:		
Non-deductible expenses	1,184,527	736,253
Depreciation differences	247,863	-
Deduct:		
Non-taxable income	(617,339)	(462,441)
Depreciation differences	-	(50,749)
Taxable income (loss)	184,015	(1,990,425)
Statutory income tax rate	21%	21%
Effective income tax rate	-	-

Deferred tax assets -

Deferred tax assets represent the estimated tax effect of accumulated tax losses carried forward pertaining to the Company, which are expected to result in future tax benefits.

Movement on deferred tax assets during the year is as follows:

	2022	2021
	JD	JD
Beginning balance	1,142,826	724,837
Changes during the year	(38,643)	417,989
Ending balance	1,104,183	1,142,826

The Company recorded deferred tax assets against accumulated losses carried forward expected to result in future tax benefits.

Details of this item is as per the below:

2022					
Beginning balance	Additions	Released Amounts	Ending balance	Deferred tax	2021
JD	JD	JD	JD	JD	JD
5,442,031	-	(184,015)	5,258,016	1,104,183	1,142,826

Deferred tax liabilities

This item represents deferred tax liabilities resulting from differences in depreciation rates related to machinery and equipment and computer hardware and software, which are depreciated for financial reporting purposes at rates lower than those used in the computation of the provision for income tax.

Movement on deferred tax liability for the year is as follows:

	2022	2021
	JD	JD
Beginning balance	83,580	72,923
Depreciation differences related to machinery and equipment and computer hardware and software, net	(52,051)	10,657
Ending balance	31,529	83,580

7. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS – LEASE CONTRACTS

The table below shows the book value of the Company's right of use assets and lease obligations and their movements during the two years ended 31 December 2022 and 2021:

	Right -of- use assets			
	Land	Photovoltaic system	Total	Lease obligations *
	JD	JD	JD	JD
At 1 January 2022	651,994	1,433,971	2,085,965	2,087,188
Depreciation	(97,191)	(74,172)	(171,363)	-
Finance costs	-	-	-	180,737
Payments	-	-	-	(294,687)
Transferred to accounts payable	-	-	-	(53,229)
At 31 December 2022	554,803	1,359,799	1,914,602	1,920,009
At 1 January 2021	749,185	-	749,185	730,882
Additions	-	1,483,419	1,483,419	1,483,419
Depreciation	(97,191)	(49,448)	(146,639)	-
Finance costs	-	-	-	149,831
Payments	-	-	-	(241,458)
Transferred to accounts payable	-	-	-	(35,486)
At 31 December 2021	651,994	1,433,971	2,085,965	2,087,188

* Lease obligation details are as follows:

31 December 2022			31 December 2021		
Short-term	Long- term	Total	Short-term	Long- term	Total
JD	JD	JD	JD	JD	JD
362,720	1,557,289	1,920,009	400,234	1,686,954	2,087,188

8. ACCOUNTS RECEIVABLE

	2022	2021
	JD	JD
Accounts receivable	794,603	648,758
Less: Provision for expected credit losses *	(258,558)	(259,268)
	536,045	389,490

* Movement on the provision for expected credit losses is as follows:

	2022	2021
	JD	JD
Beginning balance	259,268	241,940
Provision for the year	-	20,176
Reversals during the year *	(710)	(276)
Write-offs during the year	-	(2,572)
Ending balance	258,558	259,268

* Reversals during the year were added to other revenues for an amount of JD 710 (2021: JD 276 were added to operating revenue).

The aging of accounts receivable is as follows:

	Receivables not due yet	1-30 days	31 – 90 days	91 – 120 days	More than 120 days	Total
	JD	JD	JD	JD	JD	JD
2022	13,972	291,462	229,963	-	648	536,045
2021	5,395	238,252	136,202	-	9,641	389,490

Management expects unimpaired receivables to be fully recoverable. The Company does not obtain collateral against receivables. Therefore, they are unsecured.

9. OTHER CURRENT ASSETS

	2022	2021
	JD	JD
Advance payments to suppliers	122,345	85,484
Prepaid expenses	45,660	31,649
Refundable deposits	20,662	20,662
Accrued revenue	19,486	-
Income tax deposits	15,736	9,316
Work related injuries claims	12,010	18,800
Checks under collection	-	1,973
Others	7,887	12,833
	243,786	180,717

10. CASH ON HAND AND AT BANKS

	2022	2021
	JD	JD
Cash on hand	9,413	9,100
Cash at banks	2,108,707	3,015,523
Term deposit maturing during 3 months *	1,757,867	804,265
Term deposit maturing between 3 and 6 months**	2,000,000	-
	5,875,987	3,828,888

* Term deposit is made for varying periods between one day and 3 months depends on the Company's need for liquidity and bears average annual interest rates ranging from 1% to 5% (2021: from 0.875% to 3%).

** This item represents a term deposit at Bank al Etihad for varying periods between three and six months with an annual interest rate of 5%.

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

	2022	2021
	JD	JD
Cash on hand and at banks	5,875,987	3,828,888
Less: term deposit maturing between 3 and 6 months	(2,000,000)	-
	3,875,987	3,828,888

11. EQUITY

Paid-in capital -

The Company's authorized and paid in capital is JD 10,000,000 divided into 10,000,000 shares at JD 1 per share.

Share premium -

The balance in this account represents the difference between the share issue price and its par value after the amortization of accumulated losses.

Statutory reserve -

This account balance represents the transfers from the annual profit before income tax at a rate of 10%. The amounts transferred to this reserve should not exceed 25% of the Company's paid-in capital. This reserve is not available for distribution to the shareholders.

Voluntary reserve -

This item represents the transfers from profit before tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

12. LOANS

This item consists of loans utilized from the following parties:

		31 December 2022			31 December 2021		
	Loan currency	Due within a year	Long-term	Total	Due within a year	Long-term	Total
		JD	JD	JD	JD	JD	JD
Bank al Etihad	JD	266,666	522,194	788,860	-	425,188	425,188
Cairo Amman Bank	JD	-	2,000,000	2,000,000	166,664	833,336	1,000,000
		266,666	2,522,194	2,788,860	166,664	1,258,524	1,425,188
Less: unearned governmental grant (note 13)	JD	(12,349)	(385,275)	(397,624)	(4,072)	(101,994)	(106,066)
		254,317	2,136,919	2,391,236	162,592	1,156,530	1,319,122

Bank al Etihad

On 2 March 2021, the Company signed a loan agreement in the amount of JD 2,000,000 backed by the Central Bank of Jordan to reinforce the tourism sector. The loan was granted to finance renovation projects of the Hotel facilities. The loan term is 9 years including a 24-month grace period and principal is paid in 15 semi-annual instalments (excluding interest) of JD 133,333, commencing on 30 April 2023 except for the last instalment which represents the remaining balance of the loan due on 30 April 2030 with an annual interest rate of 3.5%

Withdrawals from the loan are made in the form of payments upon submission of the borrower's invoices and claims that are certified by the consulting engineer that reflect the progress in the project.

Cairo Amman Bank

On 8 June 2020, the Company signed a loan agreement in the amount of JD 1,000,000 backed by the Central Bank of Jordan to reinforce the tourism sector. On 27 July 2021, the loan ceiling was increased by JD 1,000,000 to become JD 2,000,000. The loan was granted to the finance the operating expenses of the Hotel. The loan term is 10 years including a 24-month grace period and principal is paid in 96 monthly instalments (excluding interest) of JD 20,833 commencing on 30 May 2022 and ending on 30 April 2030 at an annual interest rate 3%.

On 18 April 2022, the grace period changed from 24 months to 48 months and principal is paid in 72 equal monthly instalments (excluding interest) of JD 27,777 each, commencing on 30 May 2024 and ending on 30 April 2030 with the same interest rate.

Withdrawals are against the borrower presenting invoices representing the operating expenses of the Hotel. The Company has utilized the total value of the loan during 2022.

The un-utilized portion of the loans amounted to JD 1,211,140 as at 31 December 2022 (2021: JD 2,574,812).

The amounts of annual payments of the loan and their maturities are as follows:

Year	JD
2024	488,882
2025	588,852
2026	333,324
2027	333,324
2028 and thereafter	777,812
Total	2,522,194

13. OTHER CURRENT LIABILITIES

	2022	2021
	JD	JD
Accrued expenses – Social Security loan	1,295,748	1,146,328
Unearned governmental grant revenues *	613,979	311,579
Accrued expenses	612,055	296,226
Advances from customers	352,047	402,731
Service charge fees (5%) – Jordan Tourism Board	149,526	115,719
Accrued employees benefits	90,598	-
Undistributed dividends	76,090	239,145
Outstanding checks	39,531	39,531
Sales tax payable	36,438	36,083
Retentions and payments due to contractors	11,545	24,694
Accrued interest	5,000	-
Unearned rent revenue	917	917
Legal claims	-	100,000
Board of Directors' remuneration	-	10,800
Social Security payable	-	8,451
Others	87,592	76,747
	3,371,066	2,808,951
Non-current portion	1,551,762	1,462,286
Current portion	1,819,304	1,346,665
Total	3,371,066	2,808,951

* This item represents the discounted balances of the deposits of the Social Security Corporation and the loan facilities backed by the Central Bank of Jordan to reinforce the tourism sector that was impacted by the COVID-19 pandemic, respectively as at 31 December 2022 for an amount of JD 216,355 and JD 397,624 (31 December 2021: JD 205,513 and 106,066). These facilities were granted with below-market interest rates. This balance of this discount will be amortized over the period of the granted facilities.

14. RELATED PARTIES

Related parties represent major shareholders, Board of Directors, key management personnel of the Company and other related parties. The Company's management sets the pricing policies and the terms of the transaction with related parties.

Balances included in the statement of financial position as at 31 December:

	2022	2021
Assets -	JD	JD
Financial assets at fair value through other comprehensive income -		
Himmeh Solar Power (Sister Company)	2,400	1,400
Other current assets – advance payments to suppliers		
Jordan Hotels Supplies (Sister Company)	70,827	-
Cash on hand and at banks -		
Bank al Etihad, Arab Bank and Cairo Amman Bank (Shareholders)	5,866,574	3,819,788
Liabilities -		
Loans -		
Bank al Etihad and Cairo Amman Bank (Shareholders)	2,391,236	1,319,122
Accounts payable -		
Jordan Hotels Supplies (Sister Company)	28,933	-
Due to related party -		
Zara Investment Holding Company (Main Shareholder)	82,025	72,567
Himmeh Solar Power (Sister Company)	28,703	4,432
	110,728	76,999

Balances included in the statement of comprehensive income for the year ended 31 December:

	2022	2021
	JD	JD
Administrative expenses - Zara Investment (Holding) Company (Main Shareholder)	80,515	75,770
Rent expenses - Zara Investment (Holding) Company (Main Shareholder)	26,790	26,790
Finance cost - Arab Bank and Cairo Amman Bank (Shareholders)	66,688	16,577
Rent income - Arab Bank (Shareholder)	5,500	5,500
Interest income – Bank al Etihad, Arab Bank and Cairo Amman Bank (Shareholders)	78,749	21,249
Key management salaries and remunerations	68,912	56,568
Board of Directors' transportations and remunerations	76,500	59,400

15. SEGMENT INFORMATION

	Intercontinental Hotel Jordan*	Dar Stores (Retail)	Total
	JD	JD	JD
2022 -			
Operating revenues	13,618,247	276,978	13,895,225
Operating expenses	(11,343,416)	(212,569)	(11,555,985)
Net operating revenues	2,274,831	64,409	2,339,240
Other Information -			
Depreciation of property and equipment	1,735,707	35,023	1,770,730
Administrative expenses	915,057	59,711	974,768
2021 -			
Operating revenues	7,489,640	133,147	7,622,787
Operating expenses	(7,035,188)	(101,601)	(7,136,789)
Net operating revenues	454,452	31,546	485,998
Other Information -			
Depreciation of property and equipment	1,745,542	11,632	1,757,174
Administrative expenses	630,579	30,930	661,509

* The Hotel's net operating revenues are as per the following:

	2022	2021
	JD	JD
Operating Revenue -		
Room's revenue	6,665,435	3,453,203
Food and beverage revenue	6,201,221	3,610,715
Other departments revenue	751,591	425,722
	13,618,247	7,489,640
Operating Expenses -		
Rooms expenses	1,445,424	842,465
Food and beverage expenses	4,338,328	2,541,140
Other departments expenses	539,349	287,380
Administration and marketing expenses	5,020,315	3,364,203
	11,343,416	7,035,188
Net operating revenues	2,274,831	454,452

16. ADMINISTRATIVE EXPENSES

	2022	2021
	JD	JD
Termination of lease agreement	175,000	110,000
Termination of fixed-term contracts	175,000	-
Salaries, wages, and other benefits	173,563	105,139
Accrued employee benefits	88,241	-
Parent Company's allocation of expenses	80,515	75,770
Insurance fees of the Company and Hotel	52,820	52,841
Property taxes	45,357	42,549
Offices rent	26,790	26,790
Social Security contribution	24,710	22,131
Professional and legal fees	13,423	11,408
Subscriptions	11,201	12,329
Provision for expected credit losses (note 8)	-	2,572
Legal fees	-	100,000
Others	108,148	99,980
	974,768	661,509

17. BASIC AND DILUTED LOSS PER SHARE

	2022	2021
Loss of the year (JD)	(617,628)	(1,806,156)
Weighted average number of shares (share)	10,000,000	10,000,000
	JD/Fils	JD/Fils
Basic and diluted loss per share	(0/062)	(0/181)

The diluted loss per share equal the basic loss per share.

18. LITIGATIONS

The Company is a defendant in a number of lawsuits in the amount of JD 52,199 as at 31 December 2022 (2021: JD 199,363). Management and its legal advisor believe that the Company's position is strong against these lawsuits and there is no need for any provision against these cases except for what has been recorded. The Company is plaintiff in lawsuits against others in the amount of JD 159,763 as at 31 December 2022 (2021: JD 159,763).

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and banks, accounts receivable, financial assets at fair value through other comprehensive income and some of the other current assets. Financial liabilities consist of accounts payable, balances due to related parties, lease obligations and some of the other current liabilities.

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

20. RISK MANAGEMENT

Interest rate risk -
Interest rate risk is a risk which arises from the fluctuations in the fair values or future cash flows of financial instruments due to the changes in interest rates on these instruments.

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

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates at 31 December, with all other variables held constant.

	Increase in interest rate	Effect on loss for the year before tax
2022-	Basis Point	JD
Currency		
JD	100	(13,666)

	Increase in interest rate	Effect on loss for the year before tax
2021-	Basis point	JD
Currency		
JD	100	5,148

Equity price risk -
Equity price risk is the risk that may result from a change in Amman Stock Exchange index. The Company does not believe it is materially susceptible to this risk as the financial assets at fair value through other comprehensive income's cost are only JD 2,400.

Credit risk -

Credit risk is the risks that may results from the failure or inability of debtors or other parties to fulfill their obligations.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company maintains its bank balances and deposits with reputable financial institutions.

The Company provides its products and services to a large number of customers. No single customer account balance is more than 10% of the outstanding accounts receivable at 31 December 2022 and 2021.

Liquidity risk -

Liquidity risk is represented by the possibility that the Company may not be able to meet its liabilities when due. The Company manages its liquidity risk by ensuring sufficient funds are available from shareholders.

The Company limits its liquidity risk by ensuring bank facilities are available.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	More than one year	Total
	JD	JD	JD	JD
As at 31 December 2022 -				
Loans	87,402	262,207	2,735,282	3,084,891
Accounts payable	-	1,624,167	-	1,624,167
Other current liabilities	1,017,775	409,794	976,552	2,404,121
Due to related parties	-	110,728	-	110,728
Lease liabilities	106,458	304,687	2,354,300	2,765,445
Total	1,211,635	2,711,583	6,066,134	9,989,352
As at 31 December 2021 -				
Loans	52,261	156,784	1,314,014	1,523,059
Accounts payable	-	1,277,514	-	1,277,514
Other current liabilities	938,946	-	1,360,292	2,299,238
Due to related parties	-	76,999	-	76,999
Lease liabilities	88,715	294,687	2,712,216	3,095,618
Total	1,079,922	1,805,984	5,386,522	8,272,428

Currency risk -

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

Most of the Company's transactions are in Jordanian Dinars and US Dollar. The Jordanian Dinar exchange rate is fixed against US Dollars (US$ 1.41 for 1 JD).

21. 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 necessary in light of changes in business conditions. No changes were made in the objectives, policies or processes during both current and previous years.

Capital comprises paid-in capital, share premium, statutory reserve, voluntary reserve, fair value reserve and retained earnings, and is measured at JD 23,652,349 as at 31 December 2022 (2021: JD 24,269,977).

22. STANDARDS AND INTERPRETATION 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

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 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. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided 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 IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.