COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

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(PUBLIC SHAREHOLDING COMPANY LIMITED)

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF COMPREHENSIVE LEASING COMPANY (PUBLIC SHAREHOLDING COMPANY)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Comprehensive Leasing Company (the "Company") and its subsidiaries (later "the Group") as at 31 December 2020 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements include:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis of 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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

Key audit matter	Provision for expected credit loss in finance lease contracts and instalment sale receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

Key audit matter

Key audit matter are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we responded to key audit matter
<u>Provision for expected credit loss in finance lease contracts and instalment sale receivables</u> As explained in the accounting policy (2.10) and note 4 "Critical Accounting Estimates and Judgements", the management determines the amount of the provision for impairment of investment in finance lease contracts and instalment sale receivables using the accounting policy (2.10) as the management reviews contracts individually or as a group to determine whether there are indications of impairment, like the debtor's inability to pay for a certain period of time. If such indications exist, the management estimates the impairment based on its estimates of the recoverable amount of the assets mortgaged for the Group	We performed the following audit procedures to evaluate the reasonability of the management's estimation of the provision for expected credit loss in finance lease contracts and instalment sale receivables: • We sought the assistance of our specialised internal experts to assess the following aspects: - The conceptual framework used in setting the Company's impairment policy in the context of its commitment to the requirements of IFRS 9. - ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD) for the Group's classes of financial instruments. - Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk.

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The provision for expected credit losses is considered as a key audit matter as the Group applies significant judgements and makes a number of assumptions about the calculation of the provision and preparing the Group's ECL model. As explained in notes (9 and 10) to the consolidated financial statements, the management estimated the provision for expected credit loss in finance lease contracts and instalment sale receivables at JD 2,090,143. The net of the Group's investment in finance lease contracts and instalment sale receivables amounted to JD 78,395,642 which equals 86.8% of the Group's total assets as at 31 December 2020.	• Examine a sample of sales of certain assets mortgaged by the management and compare the amounts collected with the management's previous estimations. • We tested the completeness and accuracy of the reports used in calculating the expected credit losses. • Examining certain relevant procedures and internal control systems used by the management.

Other information

Management is responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2020 (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group'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 the management either intends to liquidate the Group to cease its operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Group maintains proper accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General assembly of the Shareholders approve these consolidated financial statements.

For and on behalf of behalf of PricewaterhouseCoopers "Jordan"

Omar Kalanzi
License No. (1015)

Certified Public Accountants
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Amman - Jordan

Amman - Jordan
14 February 2021

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020	2019
		JD	JD
Assets			
Non-current assets			
Intangible assets	5	29,808	41,215
Property and equipment	6	2,828,347	2,921,867
Investment properties	7	3,094,560	3,200,470
Assets acquired against debts	8	4,554,780	1,867,750
Right of use leased assets	18	402,518	540,160
Non-current portion of net investment in finance lease	9	25,742,724	26,317,791
Non-current portion of net investment in instalment sale receivables	10	13,655,423	11,510,250
		50,308,160	46,399,503
Current assets			
Current portion of net investment in finance lease contracts	9	27,109,294	32,400,621
Current portion of net investment in instalment sale receivables	10	11,888,201	12,158,771
Financial assets at fair value through statement of income	11	376,940	294,897
Other receivables	12	509,901	408,262
Cash on hand and at banks	13	167,874	195,936
		40,052,210	45,458,487
Total assets		90,360,370	91,857,990
Shareholders' equity and liabilities			
Shareholders' equity	14		
Share capital		10,000,000	10,000,000
Statutory reserve		2,500,000	2,500,000
Retained earnings		7,238,875	5,645,105
Total shareholders' equity		19,738,875	18,145,105
Liabilities			
Non-current liabilities			
Long-term loans	15	35,016,536	32,310,280
Commitment against operating lease contracts	18	282,916	412,194
		35,299,452	32,722,474
Current liabilities			
Current portion of long-term borrowings	15	24,121,933	27,387,068
Bank overdrafts	16	8,286,180	10,573,666
Trade and other payables	17	1,449,119	1,650,171
Commitment against operating lease contracts	18	129,276	125,842
Rentals and finance income received in advance		153,087	151,672
Provision for income tax	19	1,182,448	1,101,992
		35,322,043	40,990,411
Total liabilities		70,621,495	73,712,885
Total shareholders' equity and liabilities		90,360,370	91,857,990

The attached notes from 1 to 30 are an integral part of these consolidation financial statements

Comprehensive Leasing Company
(Public Shareholding Company Limited)
Consolidated Statement Of Comprehensive Income
For The Year Ended 31 December 2020

	Note	2020	2019
		JD	JD
Revenue			
Net revenue from finance lease contracts	20	9,651,629	10,016,113
Net revenue from instalment sale	21	4,140,674	3,796,255
Total revenues		13,792,303	13,812,368
Administrative expenses	22	(1,604,389)	(1,726,745)
Other income	23	219,407	243,250
Other (losses) gains	24	(54,537)	2,370
Interests receivable		(5,691,183)	(6,001,558)
Expenses for expected credit losses		(1,194,418)	(698,162)
Profit for the year before tax		5,467,183	5,631,523
Income tax	19	(1,473,413)	(1,430,794)
Profit for the year		3,993,770	4,200,729
Other comprehensive income items		-	-
Total comprehensive income for the year		3,993,770	4,200,729
Earnings per share:			
Basic and diluted earnings per share from the profit for the year attributable to the Company's shareholders	29	0,399	0,420

The attached notes from 1 to 30 are an integral part of these consolidation financial statements

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Statuary reserve	Retained earnings	Total
	JD	JD	JD	JD
2020				
Balance as at 1 January 2020	10,000,000	2,500,000	5,645,105	18,145,105
Dividends distribution (note 28)	-	-	(2,400,000)	(2,400,000)
Comprehensive income for the year	-	-	3,993,770	3,993,770
Balance as at 31 December 2020	10,000,000	2,500,000	7,238,875	19,738,875
2019				
Balance as at 1 January 2019	10,000,000	2,243,102	3,901,274	16,144,376
Dividends distribution (note 28)	-	-	(2,200,000)	(2,200,000)
Transferred to statutory reserve	-	256,898	(256,898)	-
Comprehensive income for the year	-	-	4,200,729	4,200,729
Balance as at 31 December 2019	10,000,000	2,500,000	5,645,105	18,145,105

The attached notes from 1 to 30 are an integral part of these consolidation financial statements

COMPREHENSIVE LEASING COMPANY
(PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	JD	JD
Operating activities		
Profit for the year before tax	5,467,183	5,631,523
Adjustments for:		
Depreciation and amortization	262,188	221,490
Depreciation of investment properties	55,910	55,910
Expense of provision for expected credit loss in finance lease contracts and instalment sale receivables	1,194,418	698,162
Interests receivable	5,721,554	6,035,319
Dividend income	-	(20,036)
Realised gains from sale of financial assets at fair value	-	(3,203)
Unrealised losses from revaluation of financial assets at fair value through the statement of income	56,782	33,521
Unrealised losses from revaluation of investments properties	50,000	50,000
Loss on sales of property and equipment	-	(4,600)
Changes in working capital:		
Net investment in finance lease contracts	1,547,696	(4,576,558)
Net investment in instalment sale receivables	(1,874,603)	(7,553,797)
Other receivables	(101,639)	(243,147)
Rent received in advance	1,415	(15,415)
Accounts payable and other payable balances	(201,052)	437,623
Cash flows generated from operating activities before income tax paid	12,179,852	746,792
Income tax paid	(1,392,957)	(1,285,450)
Net cash flows generated from (used in) operating activities	10,786,895	(538,658)
Investing activities		
Purchase of financial assets at fair value	(138,825)	-
Proceeds from sale of financial assets at fair value	-	3,203
Purchase of software	(3,540)	(21,010)
Proceeds from sale of properties acquired against debts	437,250	300,000
Proceeds from sale of property and equipment	-	40,000
Purchases of property and equipment	(16,079)	(171,371)
Dividends received	-	20,036
Net cash flows generated from investing activities	278,806	170,858
Financing activities		
Borrowings	(558,879)	9,008,151
Interest paid	(5,691,183)	(6,001,558)
Dividends paid	(2,400,000)	(2,200,000)
Payment of liabilities on the right of use of leased assets	(156,215)	(130,545)
Net cash flows (used in) generated from financing activities	(8,806,277)	676,048
Net change in cash and cash equivalents	2,259,424	308,248
Cash and cash equivalents as at 1 January	(10,377,730)	(10,685,978)
Cash and cash equivalents as at 31 December (note 13)	(8,118,306)	(10,377,730)
Non-monetary transactions during the year:		
Transferred from investment in finance lease contracts to properties acquired against debts	2,905,961	1,430,750

The attached notes from 1 to 30 are an integral part of these consolidation financial statements

(1) GENERAL INFORMATION

Comprehensive Leasing Company was established as a limited liability company on 14 April 2004 under No. (8730) with a share capital of JD 1,000,000. On 12 September 2006, the Company's legal status was changed to a public shareholding company and was registered with the Ministry of Industry and Trade under No. (415). In 2018, the Company increased its share capital according to the resolution of the Extraordinary General Assembly held on 25 February 2018. The share capital was increased by JD 3,000,000 hence, the share capital of the Company became JD 10,000,000 with a nominal value of JD 1 each as at 31 December 2019. The share capital increase procedures were completed with the Ministry of Industry and Trade on 9 April 2018.

The Company's main activities are represented in the following:

- Finance lease
- Investment of the Company's funds in the economic, industrial, agricultural and real estate fields
- Purchase, own, lease and manage movable and immovable funds for the purposes of the Company
- Mortgage of movable and immovable funds
- Development of land by providing the necessary services and fragmentation of the land
- Import and export
- Touristic investment
- Obtain patents
- Obtain contracts of rights and privileges from any government, entity, authority, company, institution or individual concerned by the objectives of the Company, enter into commercial and governmental bids and tenders, both locally and internationally, and register the company's trademarks.

On 24 July 2012, the Company established a branch in the Kurdistan Region of Iraq under the number (15297). The branch commenced its operational activities during the first quarter of 2013, according to the provisions of item No. (5 - third) of the regulation of establishing branches of offices of foreign companies and economic institutions No. (5) of 1989 related to the Kurdistan Region of Iraq.

The Comprehensive Leasing Company is a public shareholding company, and its shares are listed in Amman Stock Exchange. The registered address of the Company is 207 Zahran St. - Amman, the Hashemite Kingdom of Jordan.

The consolidated financial statements were approved by the Management on 9 February 2021 and are subject to the approval of the General Assembly of shareholders.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group's management in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board (IASB).

The presentation currency in the financial statements is the Jordanian dinar, which is the functional currency of the Group.

The consolidated financial statements have been prepared according to the historical cost convention except for the financial assets at fair value through the statement of income which are recognised at fair value at the date of the consolidated financial statements.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note (4).

2.2 Basis of consolidation of financial statements

Subsidiaries

The financial statements of the Group include the financial statements of the company and its subsidiaries fully owned and controlled by the company. The control is achieved when the company is able to manage the main activities of the subsidiary; exposed to varying returns from its investment in the subsidiary or has rights in these returns; and is able to affect these returns through its control over the subsidiary. However, transactions, balances, revenues and expenses between the company and subsidiary shall be eliminated.

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and de-consolidated from the date on which the control ceases.

The Company uses the acquisition method to account for business combinations. The cost of acquisition is measured at fair value of acquired assets and liabilities for the previous owners of the Company and equity issued by the company. All direct costs related to the acquisition shall be charged to the income statement as expenses. The assets and liabilities (actual and potential) shall be recognised and measured by the fair value at the date of acquisition. Non-controlling interests are recognised for each individual acquisition, whether at the fair value or the proportionate share of non-controlling interests in net acquired assets.

If the business combination is carried out in phases, the carrying amount of the previously owned investment at the date of new acquisition is re-measured at fair value, and the difference is recognised in the income statement.

Inter-company balances and transactions shall be eliminated upon consolidation of the financial statements. Unrealised profits or losses resulted from inter-company transactions shall also be eliminated.

The increase of the paid consideration over the net fair value of assets at the acquisition date shall be recognised as a goodwill on the date of acquisition.

The Company incorporated two companies in Jordan. It registered Comprehensive Vehicle Trading Company on 21 July 2011 and Comprehensive International Company for Financial Consulting during October 2017. The subsidiaries details are as follows:

Name of the company	Legal status	Share capital	Shareholding percentage
		JD	%
Comprehensive Vehicle Trading Company LLC	Limited liability company	500,000	100
Comprehensive International Company for Financial Consulting	Limited liability company	10,000	100

2.3 **Changes in accounting policies and disclosures**

New and amended standards adopted by the Group:

(a) **New and amended standards and interpretations adopted by the Group in the financial year beginning in early January 2020:**

- **Amendments to IFRS (3) "Business definition"** -The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

- **Amendments to IAS (1) and IAS (8)** - These are amendments to IAS (1), "Presentation of financial statements" and IAS (8), "Accounting policies and changes in accounting estimates and errors" and subsequent amendments to other IFRS that:

  1) Uses consistent definition of materiality in all IFRSs and the conceptual framework for financial reporting,
  2) clarifies the interpretation of the definition of the relative importance
  3) guidance are included in IAS 1 on non-significant information.

- **Amendments to IFRS (9), IAS (39) and IFRS (7), 'Interest rate benchmark reform'**- These amendments provide certain exemptions in connection with interest rate benchmark reform. The exemptions relate to hedge accounting and have the effect of reforming Inter-bank Offered Rate (IBOR), which should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statement of comprehensive income. Given the pervasive nature of hedges involving contracts based on IBOR rate, the exemptions will affect companies in all industries.

- **Amendments to the Conceptual Framework** - The IASB has issued a revised conceptual framework that will be used in standard-setting decisions with immediate effect. The main changes include:

  - the prominence of stewardship in the objective of financial reporting.
  - Reinstating prudence as a component of neutrality.
  - Defining a reporting entity, which may be a legal entity, or a portion of an entity.
  - Revising the definitions of an asset and a liability.
  - Removing the probability threshold for recognition and add guidance on derecognition.
  - Adding guidance on different measurement basis, and
  - Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

(b) New and amended standards and interpretations issued but are not yet effective and not early adopted:

The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective to date:

New standards, amendments and interpretations	**effective for annual periods beginning on or after**
IFRS 17 "Insurance Contracts" - On May 18, 2017, the International Accounting Standards Board completed its long-term project to develop an accounting standard on insurance contracts and issued the IFRS No. 17 "Insurance Contracts". IFRS 17 replaces IFRS 4 which currently allows many practices. IFRS No. 17 will lead to a significant change in accounting for all entities that issue insurance and investment contracts that include the voluntary participation benefit. The standard applies to annual periods beginning on or after 1 January 2023, and early application is permitted if it coincides with the application of IFRS 15 "Revenue from Contracts with customers" and IFRS 9 "Financial Instruments". The IFRS 17 requires a current measurement model as estimates are remeasured in each reporting period. The measurement is based on discounted weighted cash flow bases, an adjustment for risk, and contractual services margin that represents unearned contract profits. A simplified premium allocation method is permitted for liabilities over the remaining coverage period if this method allows for a measurement method that is not materially different from the general model or if the coverage period extends for a year or less. However, claims incurred should be measured by reliance on risk-weighted, risk-adjusted and discounted cash flow bases.	1 January 2023

Amendments to IAS 1, "Presentation of Financial Statements" on classification of liabilities - These minor amendments to IAS 1, "Presentation of Financial Statements" clarify that liabilities are classified as either current or non-current liabilities, depending on the rights at the end of reporting period. The classification is not affected by the entity's expectations or events subsequent to the reporting date (for example, receipt of a waiver or breach of an undertaking). The amendment also clarifies any reference to a "settlement" of liability as mentioned in the IAS 1.	1 January 2022

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.4 Foreign currency translation

(a) Functional and presentation currency of the consolidated financial statements

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which each company at the Group operates ('the functional currency'). The consolidated financial statements are presented in 'Jordanian Dinar', which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the Jordanian Dinar using the exchange rates prevailing at the dates of the transactions. Cash assets and liabilities denominated in foreign currencies are translated into the Jordanian Dinar at prevailing year-end exchange rates. Foreign exchange gains and losses resulting from that are recognised in the statement of income. Non-monetary items measured under historical cost in a foreign currency are not translated.

2.5 Intangible assets

Intangible assets are classified on the basis of their lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the statement of income. For intangible assets that have an indefinite lifetime, their impairment is reviewed in the consolidated financial statements and any impairment shall be recognised in the statement of income.

Computer software and systems as shown in note (5) are amortised using the straight-line method over a period not exceeding five years from the date of purchase.

2.6 Investment properties

Investment properties are initially recognised at cost plus acquisition expenses. The Group adopts the cost model to account for its investment properties as described in the accounting policy (2-7). Investment properties carrying amount is written down to its recoverable amount if the asset's net carrying amount is greater than its estimated recoverable amount. The amount of write-down is recognised in the statement of income. Revaluation gains are not recognised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income.

2.7 Property and equipment

Property and equipment are recorded at historical cost, less depreciation. Historical cost includes expenses related to the acquisition of these property and equipment.

Subsequent costs are included in the asset's value or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the additions will flow to the Group and the cost of the addition can be measured reliably. The book value of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the statement of comprehensive income when incurred.

Lands are not depreciated. Depreciation is calculated using the straight-line method to allocate the property and equipment cost over their estimated useful lives. The main useful lives used for that purpose are as follows:

	Useful lives (Years)
Buildings	25 - 50
Furniture and fixtures	10
Solar system	10
Computers	3
Electronic and electrical equipment	4 - 5
Decorations	4
Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial period.

The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Decrease is recognised in the consolidated statement of income.

Gain and loss arising on disposal of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recognised in the statement of income.

2.8 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment loss whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered from impairment except goodwill are reviewed for possible reversal of impairment at each reporting date.

2.9 Financial assets

2.9.1 Classifications

The Group classifies its financial assets into the following categories: financial assets at fair value through the income statement, loans and receivables. Such classifications are determined based on the purpose for which these financial assets were acquired. The management determines its classification of the financial assets at initial recognition

(a) Financial assets at fair value through statement of income

Financial assets at fair value through the statement of income are financial assets held for trading. A financial asset is classified under this category if it is purchased primarily to be sold in a short period of time. Such assets are classified in this category under current assets, if the Group expects to sell them within 12 months from the date of the statement of financial position, otherwise they are classified as non-current assets.

(b) Loans and Receivables

Loans and receivables are financial assets (other than financial derivatives) with fixed or determinable payments that are not included in the financial market. These assets are classified as current assets unless they have maturities over 12 months after the statement of financial position date, as these are classified as non-current assets.

2-9-2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are recognised at fair value while costs associated with purchases and sales are recognised the statement of income.

2.10 Impairment of financial assets

The Group reviews stated values of financial assets at the date of the statement of financial position determine whether objective indications of their impairment exist, individually or in the aggregate. If such indications exist, recoverable amount is estimated to determine impairment.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- The debtor is experiencing significant financial difficulty.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties.

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, including:

(a) Adverse changes in the payment status of borrowers in the portfolio.
(b) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of income.

2.11 Lease

Leases are classified as finance leases when the risks and benefits of ownership are significantly transferred by the lease terms to the lessee. Other types of leases are classified as operating leases.

Rental income from operating leases is recognised using the straight line method based on the respective lease term.

As per the lease, the lessor transfers, in return of payments, the usufruct of an asset to the lessee for a defined period of time that ends with the ownership transfer to the lessee.

Investment in finance leases is shown at the net present value of finance lease payments less the provision for doubtful receivables (if any). All direct costs of finance leases are shown under the net present value of investment in finance leases.

Finance lease payments are divided between leases income and the principal payment so that the finance lease income is allocated over the contract period reflecting a constant interest rate on the net Group's existing investment during the lease period.

2.12 Investment in instalment sale contracts

As per the instalment sale contract, the Group purchases an asset and registers it in the beneficiary's name in return of payments and mortgage of the asset sold to the Group until settling all due payments.

Investments in instalment sale contracts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision is made for impairment of trade receivables when there is an evidence that the Group will not be able to collect all amounts due according to the original terms of debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's book value and the present value of estimated future cash flows, discounted at market interest rate. The book value of the asset is reduced using a provision, and the loss is recognised in the statement of comprehensive income. Non-collectible trade receivables are written off in the provision for impairment of trade receivables account. Subsequent recoveries of amounts previously written off are credited under other revenue in the statement of comprehensive income.

2.13 Cash and cash equivalents

For the purposes of preparation the statement of cash flows, cash includes deposits held at call with banks with original maturities of three months or less and bank overdrafts.

2.14 Share capital

The Group's ownership interests are included within equity.

2.15 Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business of the Group. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2-16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the received amounts (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the statement of financial position date.

2.17 Revenue recognition

Interest revenues are recognised using the effective interest method.

Transaction costs that are directly associated with obtaining new contracts are initially recognised at fair value and recorded under the value of investment in finance leases or instalment sale receivables according to the nature of its respective transaction and is subsequently allocated over the related contract term using the effective interest method.

2.18 Income tax

Tax expenses represent amounts of tax payable.

Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as disclosed profits include revenue that is not subject to tax, expenses that are not recognisable in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax or items that are not taxable or recognisable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions.

2.19 Properties reverted to the Company in settlement of due debts

Properties reverted to the Company are recognised in the statement of financial position within the "Properties acquired against debts" item at the lower of the value reverted to the Company and the fair value, and are revaluated at fair value separately. Any impairment is recorded as a revenue in the statement of income and the increase is not recognised as revenue. Subsequent increase is included in the statement of revenue to the extent that impairment value does not exceed the previously recorded value.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that a cash flow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.21 Employees' benefits

For defined benefit plans, the Group mandatorily pays contributions to the pension insurance fund managed by a government entity (the Social Security Corporation). The Group has no further payment obligations once the contributions are paid. Such contributions are recognised as social security expense as they fall due.

2.22 Dividend distribution

Dividends to the Group's shareholders are recognised as obligations in the consolidated financial statements in the period when such dividends are announced and approved by the Group's shareholders.

2.23 Geographic segments

The principle activity of the Group is distributed over more than one economic environment (geographic segment) which are normally exposed to different risks and returns.

2.24 Financial instruments by category

	2020	2019
	JD	JD
Assets as per the statement of financial position		
Financial assets at fair value through the statement of income	376,940	294,897
Loans and Receivables		
Net investment in finance lease contracts	52,852,018	58,718,412
Net investment in instalment sale receivables	25,543,624	23,669,021
Other receivables (excluding repaid expenses and prepayments)	491,612	55,459
Cash on hand and at banks	167,874	195,936
	79,432,068	82,933,725
Liabilities as per the statement of financial position		
Financial liabilities at amortised cost		
Borrowings and bank overdrafts	67,424,649	70,271,014
Accounts payable and other payable balances (excluding statutory liabilities and advances)	668,446	974,388
	68,093,095	71,245,402

(3) FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the risks of fluctuation in the market (which includes currency translation risk and Fair value and cash flow interest rate risks), liquidity risk and credit risk. The Group's overall risk management programme focuses on the minimising potential adverse effects on the Group's financial performance.

(a) Market risk

- Foreign exchange risk

The Group is exposed to risks arising from foreign currency transactions, primarily with respect to the US Dollar. There has been no change in the rate of exchange between the US Dollar and the Jordanian Dinar during the year.

- Cash flow and fair value interest rate risk.

The Group's interest rate risk arises from bank borrowings. Borrowings granted to the Group at variable interest rates expose the Group to cash flow interest rate risk, whereas borrowings issued at fixed interest rates expose the Group to fair value interest rate risk.

As at 31 December 2020, borrowings granted to the Group at a variable interest rate consisted of bank loans and bank overdrafts granted in Jordanian Dinar and U.S. Dollar (Notes 15,16).

If interest rates on borrowings and facilities change by 1% on the assumption that other variables are constant, the effect on the statement of comprehensive income will be an increase in interest expense at JD 674,246 as at 31 December 2020 (2019: JD 702,710).

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial commitments.

The Company manages liquidity risk through the availability of the necessary cash through borrowing and credit facilities. The Company also monitors cash flows of due instalments from customers.

The table below analyses the financial liabilities of the Company (that are not discounted) to certain categories as at the statement of financial position date based on the maturity date of the remaining periods.

	Less than one year	Over one year
	JD	JD
As at 31 December 2020		
Bank overdrafts	8,930,845	-
Bank loans	25,959,586	37,684,159
Trade and other payables	1,449,119	-
As at 31 December 2019		
Bank overdrafts	11,501,746	-
Bank loans	29,766,008	35,116,867
Trade and other payables	1,650,171	-

(c) Credit risk

The Group does not have significant concentration of credit risk. Financial assets that are exposed to credit risk are limited to instalment sale contracts, finance lease contracts and some other receivables.

Instalment sale and finance lease contracts are executed after evaluating the financial solvency of the clients. The credit position of the clients is re-evaluated regularly. Also, the credit risk concentration is mitigated as all of the assets sold to clients by instalment are first class mortgaged for the Group or through finance lease, where the asset is registered in the name of the Company until the full due amount is paid and contractually, if the remaining contractual commitments are not fully met, the Group may keep the asset or sell it to cover part or all of the amount due to the Group.

The Group only deals with financial institutions of acceptable credit solvency.

3.2 Capital risk management

The Group monitors capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, which include borrowings and bank overdrafts, less cash and cash equivalents as shown in the statement of financial position. Total capital is calculated as equity plus net debt as shown in the statement of financial position.

Gearing ratio was as follows:

	2020	2019
	JD	JD
Total borrowings and bank overdrafts	67,424,649	70,271,014
Cash and cash equivalents	(167,874)	(195,936)
Net debt	67,256,775	70,075,078
Net shareholders' equity	19,738,875	18,145,105
Total share capital	86,995,650	88,220,183
Gearing ratio	77%	79%

3.3 Fair value

The following table represents financial instruments carried at fair value based on the valuation method, where different levels are defined as follows:

Level 1: quoted prices (unadjusted) of assets and liabilities in active markets.

Level 2: quoted prices of similar financial assets and liabilities in active markets, or other price valuation techniques whose significant inputs are based on market data.

Level 3: pricing methods where not all significant inputs are based on observable market data.

The following table shows the Group's financial assets which are measured at fair value:

	2020	2019
Financial instruments in level 1	JD	JD
Financial assets at fair value through statement of income		
Shares traded in Amman Stock Exchange	376,940	294,897

Financial instruments in level 1

The fair value of financial instruments traded in active markets is the market value at the consolidated financial statements date. A market is regarded as active if quoted prices are readily and regularly available through a market, financial brokers or any regulatory agency, and those prices represent the actual price resulting from transactions on an arm's length basis.

3.4 Price risk

The Group is exposed to risks resulting from changes in share prices within the financial assets portfolio at fair value through the statement of income. The Group manages such risks by analysing the value that is exposed to losses and diversifying investment portfolios. The following table shows the impact of any increase/decrease in the index of Amman Stock Exchange in which the Group invests on the profit for the year and shareholders' equity after income tax, assuming that the change is by 5%:

	The effect of change of the statement of Income	Effect on Shareholders' equity
	JD	JD
31 December 2020		
Amman Stock Exchange	18,847	18,847
31 December 2019		
Amman Stock Exchange	14,745	14,745

The financial effect of a decrease in the market index by the same percentage is expected to be equal and opposite to the effect shown above.

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting estimates and judgements are constantly evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Provision for impairment of investment in finance lease contracts

An impairment provision is made for investment in finance lease contracts on bases and assumptions approved by the Group's management to estimate the provision to be made under IFRS 9.

Provision for impairment of instalment sale receivables

A provision is made for impairment of instalment sale receivables depending on bases and assumptions approved by the Group's management to estimate the provision to be made under IFRS 9.

Properties classifications

In classifying properties, the management exercised significant judgements to determine whether a property is qualified for classification as property investment, property and equipment or property held for resale.

Income tax

The Group is subject to income tax, which requires making judgements in determining the provision for income tax. The Group recognises income tax liabilities depending on its expectations on whether the taxation audit will result in any additional tax. If the final tax estimation is different from what was recorded, such differences will affect the current income tax in the period when recognising that such differences exist.

Leasing

Determining lease term: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods following the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Discounting of lease payments: Lease payments were discounted using the additional borrowing rate. Management applied provisions and estimates to determine the additional borrowing rate at the start of the lease.

(5) INTANGIBLE ASSETS

	Software JD
2020	
Cost	
Balance as at 1 January	141,759
Additions	3,540
Balance as at 31 December	145,299
Accumulated amortization	
Balance as at 1 January	100,544
Additions	14,947
Balance as at 31 December	115,491
Book value as at 31 December	29,808
2019	
Cost	
Balance as at 1 January	120,749
Additions	21,010
Balance as at 31 December	141,759
Accumulated amortization	
Balance as at 1 January	84,833
Additions	15,711
Balance as at 31 December	100,544
Book value as at 31 December	41,215

(6) PROPERTY AND EQUIPMENT

	Land*	Buildings	Furniture and fixtures	Solar system	Software devices	Electronic and electrical equipment	Decorations	Motor vehicles	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2020									
Cost									
Balance as at 1 January	1,541,495	1,052,194	98,762	25,000	64,460	155,092	45,218	198,714	3,180,935
Additions	-	2,200	6,728	-	1,467	5,684	-	-	16,079
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31 December	1,541,495	1,054,394	105,490	25,000	65,927	160,776	45,218	198,714	3,197,014
Accumulated depreciation									
Balance as at 1 January	-	30,892	28,423	1,458	40,823	35,471	15,489	106,512	259,068
Additions	-	21,051	9,234	2,500	12,618	15,953	10,177	38,066	109,599
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31 December	-	51,943	37,657	3,958	53,441	51,424	25,666	144,578	368,667
Book value as at 31 December	1,541,495	1,002,451	67,833	21,042	12,486	109,352	19,552	54,136	2,828,347

*The above owned land (mortgaged against a loan in favour of Arab Jordan Investment Bank).

	Land	Buildings	Furniture and fixtures	Projects under construction (*)	Software devices	Electronic and electrical equipment	Decorations	Motor vehicles	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2019									
Cost									
Balance as at 1 January	1,541,495	1,024,869	90,026	-	49,190	149,652	15,618	197,714	3,068,564
Additions	-	27,325	8,736	25,000	15,270	5,440	29,600	60,000	171,371
Disposals	-	-	-	-	-	-	-	(59,000)	(59,000)
Balance as at 31 December	1,541,495	1,052,194	98,762	25,000	64,460	155,092	45,218	198,714	3,180,935
Accumulated depreciation									
Balance as at 1 January	-	10,242	18,899	-	27,359	19,840	6,137	89,072	171,549
Additions	-	20,650	9,524	1,458	13,464	15,631	9,352	41,040	111,119
Disposals	-	-	-	-	-	-	-	(23,600)	(23,600)
Balance as at 31 December	-	30,892	28,423	1,458	40,823	35,471	15,489	106,512	259,068
Book value as at 31 December	1,541,495	1,021,302	70,339	23,542	23,637	119,621	29,729	92,202	2,921,867

(7) INVESTMENT PROPERTIES

The Group has property investments as follows:

Investments in lands of JD 2,361,698 as follows:

A land in Sahab with a total cost of JD 827,998 (mortgaged against a loan in favour of Housing Bank - Bahrain branch to finance the operating activities of the company's branch in Iraq).
A land in Jizza with a total cost JD 92,114.
A land in southern Amman (Al-Qunaitira) with a cost of JD 1,400,000.
A land in southern Amman (Al-Zafraan) with a cost of JD 41,586.

Investments in buildings at a net amount of JD 732,862 after depreciation as follows:

A building with a cost of JD 1,168,656 on a land leased for 18 years and 3 months starting from 1 July 2004 and ending on 1 October 2022. The building is depreciated over the asset life. The accumulated depreciation amounted to JD 766,132 as at 31 December 2020 (2019: JD 719,385).

A building in Sahab with a cost of JD 458,200 depreciated over 50 years. The accumulated depreciation amounted to JD 127,863 as at 31 December 2020 (2019: JD 118,699).

The movement in the investment properties balance during the year is as follows:

	2020	2019
	JD	JD
Cost		
Balance as at 1 January	4,038,554	4,088,554
Revaluation of investment properties	(50,000)	(50.000)
Balance as at 31 December	3,988,554	4,038,554
Accumulated depreciation		
Balance as at 1 January	838,084	782,174
Additions	55,910	55,910
Balance as at 31 December	893,994	838,084
Net book value as at 31 December	3,094,560	3,200,470

There is no impairment in investment properties as at 31 December 2020, except for impairment in the value of one of the lands amounting to JD 50,000 (2019: JD 50,000) as all items of investment properties have been values by independent real estate experts where the average fair value of investment properties exceeded their book value.

(8) ASSETS ACQUIRED AGAINST DEBTS

Below is the movement of assets transferred to the Company in settlement of outstanding debts:

	2020	2019
	JD	JD
Cost		
Balance as at 1 January	1,867,750	737,000
Additions during the year	3,124,280	1,430,750
Sales during the year	(437,250)	(300,000)
Balance as at 31 December	4,554,780	1,867,750

The Company valued such properties during 2020, and there was no impairment in the value of acquired properties as at 31 December 2020.

(9) NET INVESTMENT IN FINANCE LEASE CONTRACTS

This item represents investments in finance lease contracts relating to vehicles and properties. The details of this item are as follows:

	2020	2019
	JD	JD
Total investment in long-term finance lease contracts (over one year)	28,395,784	29,477,780
Total investment in short-term finance lease contracts	32,765,689	38,374,848
Total	61,161,473	67,852,628
Deferred revenues	(7,244,427)	(8,529,861)
Total before provision	53,917,046	59,322,767
Provision for ECL in finance lease contracts	(1,065,028)	(604,355)
	52,852,018	58,718,412
Less: Net investment in long-term finance lease contracts	(25,742,724)	(26,317,791)
Net investment in finance lease contracts that are due in a year	27,109,294	32,400,621

Analysis of net investment in finance lease contracts as at 31 December is as follows:

	2020	2019
	JD	JD
Not past due	48,044,574	54,609,632
Past due but not impaired (over 90 days)	4,807,444	4,108,780
Past due and impaired (over 90 days)	1,065,028	604,355
Total net investment in finance lease contracts	53,917046	59,322,767

The movement in the provision for finance lease contracts during the year is as follows:

	2020	2019
	JD	JD
Balance as at 1 January	604,355	639,063
Expense of provision for expected credit loss	678,125	250,000
Reversals for the provision	(217,452)	(284,708)
Balance as at 31 December	1,065,028	604,355

The total investment in finance leases contracts is distributed according to geographical distribution and asset type as follows:

	Outside Jordan	Inside Jordan	31 December 2020	31 December 2019
	JD	JD	JD	JD
Motor vehicles	-	47,712,991	47,712,991	51,567,486
Properties	4,301,157	9,147,325	13,448,482	16,285,142
	4,301,157	56,860,316	61,161,473	67,852,628

(10) NET INVESTMENT IN INSTALMENT SALE RECEIVABLES

This item represents investments in instalment sale contracts relating to vehicles and properties. The details of this item are as follows:

	2020	2019
	JD	JD
Total investment in long-term instalment sale contracts (over one year)	15,231,869	13,160,967
Total investment in short-term instalment sale contracts	15,251,557	15,533,271
Total	30,483,426	28,694,238
Deferred revenues	(3,914,687)	(3,862,459)
Total before provision	26,568,739	24,831,779
Provision for expected credit loss in instalment sale contracts	(1,025,115)	(1,162,758)
	25,543,624	23,669,021
Less: Net investment in long-term instalment sale contracts	(13,655,423)	(11,510,250)
Net investment in instalment sale contracts that are due during the year	11,888,201	12,158,771

Analysis of instalment sale contracts as at 31 December is as follows:

	2020	2019
	JD	JD
Not past due	23,844,600	22,666,701
Past due but not impaired (over 90 days)	1,699,024	1,002,320
Past due and impaired (over 90 days)	1,025,115	1,162,758
Total instalment sale receivables	26,568,739	24,831,779

The movement in the provision for instalment sale contracts during the year is as follows:

	2020	2019
	JD	JD
As at 1 January	1,162,758	1,238,435
Expense of provision for expected credit loss	516,293	448,162
Bad debts	(653,936)	(523,839)
As at 31 December	1,025,115	1,162,758

Receivables do not include concentration risk.

All instalment sale receivables are granted in the Jordanian Dinar and U.S. Dollar.

The total investment in instalment sale contracts is distributed according to geographical distribution and asset type as follows:

	Outside Jordan	Inside Jordan	31 December 2020	31 December 2019
	JD	JD	JD	
Motor vehicles	1,303,990	27,147,173	28,451,163	26,345,136
Properties	937,838	1,094,425	2,032,263	2,349,102
	2,241,828	28,241,598	30,483,426	28,694,238

(11) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

Financial assets at fair value through the statement of income represents shares in public shareholding companies listed in Amman Stock Exchange. The details are as follows:

	2020	2019
	JD	JD
Shares of listed companies	376,940	294,897

The change in the value of financial assets at fair value through the statement of income is recorded in change in working capital in the consolidated statement of cash flows.

The change in the value of financial assets at fair value through the statement of income is recorded in other profits item in the consolidated statement of comprehensive income.

(12) OTHER RECEIVABLES

	2020	2019
	JD	JD
Sale of mortgaged assets deposits	370,026	2,575
Employees' receivables	21,069	15,689
Prepayments	18,289	21,748
Refundable deposits	8,964	8,964
Advance payments to establish a subsidiary*	-	331,055
Guarantees deposits	-	650
Other	91,553	27,581
	509,901	408,262

* On 13 June 2019, the General Assembly decided to establish a subsidiary in Egypt, and the Group paid an advance payment to establish this company. The amount was not recorded as the Company's share capital as at 31 December 2019, as the Company was under establishment and has not exercised any commercial activity. During 2020, the Group decided that they will not go forward with the establishment of the Company and to fully recover the advance payment.

(13) CASH AND CASH EQUIVALENTS

	2020	2019
	JD	JD
Cash on hand	6,996	18,810
Cash at banks	160,878	177,126
Cash on hand and at banks	167,874	195,936

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks less bank overdrafts as follows:

	2020	2019
	JD	JD
Cash on hand and at banks	167,874	195,936
Bank overdrafts	(8,286,180)	(10,573,666)
Cash and cash equivalents	(8,118,306)	(10,377,730)

(14) SHAREHOLDERS' EQUITY

Paid-in capital

As at 31 December 2020, the authorised and paid-up capital of the Company amounted to JD 10,000,000 (2019: JD 10,000,000) divided into 10,000,000 shares (2019: 10,000,000 shares) with a par value of JD 1 per share.

Statuary reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company should deduct 10% of its annual net profit to transfer to the statutory reserve, and continue do so each year provided that the total deducted amounts for the reserve do not exceed 25% of the Company's capital. For the purposes of this law, net profits represent profits before the income tax provision deduction. This reserve is not available for distribution to shareholders.

(15) BORROWINGS

	2020			2019		
	Interest rate	Credit limit	Balance	Interest rate	Credit limit	Balance
	%	JD	JD	%	JD	JD
Bank Al Etihad	7.50%	6,500,000	5,322,612	8.75%	6,500,000	6,060,026
Capital Bank of Jordan	7.75%	8,400,000	6,575,789	9.00%	8,000,000	6,589,082
Societe Generale	7.50%	5,200,000	4,418,573	8.50%	3,750,000	3,520,799
Jordan Commercial Bank	7.75%	8,200,000	6,934,639	8.75%	6,700,000	6,471,966
Housing bank for trade and finance	7.55%	9,266,000	7,798,727	8.55%	9,266,000	7,925,538
Bank Audi	8.25%	2,500,000	1,950,202	9.25%	2,500,000	2,242,187
Jordan Kuwait Bank	8.50%	11,930,000	9,755,127	9.25%	11,930,000	11,036,581
Arab Jordan Investment Bank	7.25%	11,410,000	8,724,458	8.50%	9,360,000	6,653,814
Arab Jordan Investment Bank	5.50%	1,343,654	1,343,654	7.00%	1,667,000	1,667,454
Invest Bank	8.50%	5,500,000	4,339,630	9.25%	5,541,600	5,311,922
Egyptian Arab Land Bank	7.50%	2,250,000	1,975,058	8.75%	2,250,000	2,217,979
Total borrowings		72,499,654	59,138,469		67,464,600	59,697,348
Less: Current portion			(24,121,933)			(27,387,068)
Long-term portion			35,016,536			32,310,280

*: This loan is granted against land mortgage as explained in note (7).

In respect of other bank loans, these loans are granted against a deposit of bank cheques and bills provided by the Group.

The ceiling of the loans granted to the Group in USD amounted to USD 13,600,000, which is utilised by the Group's branches located in Iraq, and the utilised amount reached USD 8,999,648 as at 31 December 2020. This amount appears within the total amount of loans above.

The fair value of the above loans are not materially different from their carrying values as at 31 December 2020. The bank interest rates on bank loans above approximate the market interest rates prevailing in the market.

(16) BANK OVERDRAFTS

	2020			2019		
	Interest rate	Credit limit	Balance	Interest rate	Credit limit	Balance
	%	JD	JD	%	JD	JD
Bank Al Etihad	7.50%	1,050,000	963,052	8.75%	1,050,000	945,458
Capital Bank of Jordan	7.75%	2,750,000	1,876,626	9.00%	2,750,000	2,417,013
Societe Generale	7.50%	500,000	305,511	8.50%	450,000	235,151
Jordan Commercial Bank	7.75%	1,800,000	1,204,984	8.75%	1,800,000	1,742,960
Housing bank for trade and finance	7.55%	1,963,000	1,600,771	8.55%	1,963,000	1,518,245
Bank Audi	8.25%	500,000	116,329	9.25%	500,000	467,705
Jordan Kuwait Bank	8.50%	1,763,000	723,014	9.25%	1,763,000	1,611,882
Arab Jordan Investment Bank	7.25%	705,000	568,492	8.50%	705,000	560,764
Invest Bank	8.50%	650,000	282,019	9.25%	650,000	437,386
Egyptian Arab Land Bank	7.50%	750,000	645,382	8.75%	750,000	637,102
		12,431,000	8,286,180		12,381,000	10,573,666

Settlement of net borrowings

The analysis of net borrowings and the related movement during the current year is as follows:

	2020
	JD
Cash and cash equivalents	167,874
Borrowings and bank overdrafts payable within one year	(32,408,113)
Borrowings payable within more than one year	(35,016,536)
Net borrowings	(67,256,775)
Net cash	167,874
Total borrowings/ variable interest	(67,424,649)
Net borrowings	(67,256,775)

		Bank commitments		
	Cash and bank overdrafts	Borrowings within one year	Borrowings within more than one year	Total
	JD	JD	JD	JD
Net borrowings as at 1 January 2020	(10,377,730)	(27,387,068)	(32,310,280)	(70,075,078)
Cash flows	2,259,424	3,265,135	(2,706,256)	2,818,303
Net borrowings as at 31 December 2020	(8,118,306)	(24,121,933)	(35,016,536)	(67,256,775)

(17) TRADE AND OTHER PAYABLES

	2020	2019
	JD	JD
Account payable	512,876	790,206
Prepayments - finance lease contracts	614,771	517,447
Prepayments- instalment sale contracts	137,256	125,269
Employees' receivables	70,574	65,076
Unpaid accrued expenses	50,474	66,158
Amounts due to related parties (Note 26)	16,441	17,217
Sales tax deposits	15,940	13,572
Social security deposits	8,310	13,194
Post-dated cheques	4,761	4,385
Shareholders' deposits	4,420	4,420
Income tax deposits	4,396	6,301
Social committee deposits	3,528	1,926
Board of directors remunerations	-	25,000
Other	5,372	-
	1,449,119	1,650,171

(18) RIGHT OF USE LEASED ASSETS

The Company included the right to use assets against lease obligations under the long-term lease contracts signed between the Company and other parties.

According to the agreements signed between the Company and other parties, long-term lease contracts are represented in the Company's branches in Jordan and Kurdistan, which are 9 branches, where the Company carries out all its operations in Jordan and Kurdistan. The duration of such contracts is between 2-10 years. The Company has the option to extend contracts, but it is not mandatory and not guaranteed. Annual rental installments are JD 156,215 and are payable during the year, using the 9% interest rate included in the lease as a discount rate representing interest rate adopted for late lease payments.

	Cost	Accumulated depreciation	Net book value
	JD	JD	JD
Right of use leased assets	657,254	(254,736)	402,518

	Balance as at 1 January 2020	Interest	Lease payments	Balance as at 31 December 2020	Long-term obligation	Short-term obligation
	JD	JD	JD	JD	JD	JD
Liabilities against operating leases	538,036	30,371	(156,215)	412,192	282,916	129,276

(19) INCOME TAX

The movement in income tax in Jordan is as follows:

	2020	2019
	JD	JD
Balance as at 1 January	1,088,723	946,618
Paid during the year	(1,379,688)	(1,275,688)
Provision added during the year	1,453,252	1,417,793
Balance as at 31 December	1,162,287	1,088,723

The movement in the income tax of the company's branch in Kurdistan- Iraq is as follows:

	2020	2019
	JD	JD
Balance as at 1 January	13,269	10,030
Paid during the year	(13,269)	(9,762)
Provision added during the year	20,161	13,001
Balance as at 31 December	20,161	13,269

Therefore, the total income tax expense for the current year and the income tax provision as at 31 December are as follows:

	2020	2019
	JD	JD
Income tax expense	1,473,413	1,430,794
Provision for income tax	1,182,448	1,101,992

The provision for income tax was calculated for the year ended 31 December 2020 in accordance with the Income Tax Law No. (38) of 2018. The statutory income tax rate on Comprehensive Leasing Company is 28% and on Comprehensive Vehicle Trading Company and Comprehensive International Company for Financial Consulting is 21%. In relation with the Company's branch in Kurdistan-Iraq region, the statuary income tax reached 15%.

The Company obtained a final clearance from the Income and Sales Tax Department until the end of 2018. The self-assessment for the year 2019 was submitted and has not been audited but no final decision was issued by the Income and Sales Tax Department concerning this year until the date of approval of these consolidated financial statements.

Comprehensive Vehicle Trading Company (subsidiary) obtained a final clearance from the Income Tax Department until the end of 2019.

In respect of the Comprehensive International Company for Financial Consulting (subsidiary), the Company obtained a final clearance from the Income Tax Department until the end of 2019.

As for the Kurdistan Region branch, the Group obtained a final clearance from the Income Tax Department until the end of 2019.

(20) NET INCOME FROM FINANCE LEASE CONTRACTS

	2020	2019
	JD	JD
Total income from finance lease contracts	9,807,655	10,213,195
Less:		
Fees, licenses, stamps and commissions	(141,620)	(179,944)
Maintenance and repair	(14,318)	(16,716)
Insurance fees	(88)	(422)
	9,651,629	10,016,113

(21) NET REVENUE FROM INSTALMENT SALE

	2020	2019
	JD	JD
Revenue from instalment sale	4,222,631	3,947,414
Less: cost of insurance, stamps, commissions and transfer of the ownership of instalment sale assets	(81,957)	(151,159)
	4,140,674	3,796,255

(22) ADMINISTRATIVE EXPENSES

	2020	2019
	JD	JD
Salaries and wages	882,318	959,974
Depreciations and amortisations	124,546	126,830
Donations	104,500	-
Depreciation of the rights of use of leased assets	88,790	94,660
Advertising and promotion	87,028	148,607
Social security	66,119	97,380
Governmental fees	36,574	36,397
Professional fees and consultation	32,022	36,992
Interests on rights of use of leased assets	30,371	33,761
Maintenance	27,843	17,473
Board of directors remunerations	25,000	25,000
Telephone and postage	17,364	20,975
Stationary	12,208	20,602
Medical insurance	10,924	9,202
Leases	10,512	9,798
Electricity and water	10,208	15,892
Voyage expenses	6,135	27,432
Hospitality	5,828	6,622
Transportation and vehicle expenses	5,517	14,936
Training courses	4,490	8,160
Other	16,092	16,052
	1,604,389	1,726,745

(23) OTHER INCOME

This item represents net income from investment properties as follows:

	2020	2019
	JD	JD
Rental income	335,151	362,920
Less cost:		
Depreciations	(55,910)	(55,910)
Depreciation of rights of use of lands	(48,852)	(48,852)
Interests on rights of use	(10,019)	(14,070)
Insurance fees	(963)	(838)
	219,407	243,250

(24) OTHER PROFITS

	2020	2019
	JD	JD
Loss of change in the fair value of financial assets through the statement of income	(56,781)	(33,521)
Dividend income	-	20,036
Profit from sale of financial assets at fair value through the statement of income	-	(3,203)
Other profits	2,244	19,058
	(54,537)	2,370

(25) GEOGRAPHIC SEGMENT

The Group's activities are concentrated in Jordan and Iraq. The financial information of Iraq which are included in the Group's statement of financial position as at 31 December are as follows:

	2020	2019
	JD	JD
Assets		
Property and equipment	2,000	5,808
Rights of use of lease assets	14,447	31,981
Net investment in finance lease contracts	3,912,180	3,235,975
Net investment in instalment sale receivables	1,600,681	1,965,329
Other receivables	1,816	1,739
Cash and cash equivalents	110,681	34,857
Total assets	5,641,605	5,275,689
Equity and liabilities		
Equity		
Head Office Account	(1,652,788)	(1,495,223)
Total equity	(1,652,788)	(1,495,223)
Liabilities		
Borrowings	6,389,750	6,019,967
Bank overdrafts	744,255	594,614
Liabilities of use of leased assets	15,175	32,773
Accounts payable and other payable balances	125,165	110,289
Provision for income tax	20,161	13,269
Total liabilities	7,294,506	6,770,912
Total equity and liabilities	5,641,718	5,275,689

The financial information of Iraq which are included in the Group's statement of comprehensive income is as follows:

	2020	2019
	JD	JD
Net revenue from finance lease contracts	490,960	328,964
Net revenue from instalment sale	300,264	379,118
Gross profit	791,224	708,082
Administrative expenses	(228,410)	(260,586)
Other losses	44	(111)
Interests receivable	(428,452)	(360,713)
Profit for the year before tax	134,406	86,672
Income tax	(20,161)	(13,001)
Profit for the year	114,245	73,671
Other comprehensive income items	-	-
Total comprehensive income for the year	114,245	73,671

The financial information of Iraq representing the details of administrative expenses of the Group is as follows:

	2020	2019
	JD	JD
Salaries and wages	150,792	165,846
Depreciation of the rights of use of leased assets	17,534	17,526
Advertising and promotion	12,070	12,563
Leases	10,512	9,798
Professional fees and consultation	8,678	11,112
Depreciations and amortisations	4,967	6,083
Voyage expenses	4,682	13,720
Social security	3,609	3,219
Electricity and water	3,182	4,620
Telephone and postage	2,276	2,731
Governmental fees	1,872	2,645
Interests on rights of use of leased assets	1,146	2,011
Transportation and vehicle expenses	976	3,115
Hospitality	687	805
Stationary	341	766
Other	5,086	4,026
	228,410	260,586

(26) RELATED PARTY TRANSACTIONS

Related parties include the Group's major shareholders, directors, entities controlled by them, their families or entities over which they exercise significant administrative influence, as well as key management personnel.

(a) The following transactions were carried out with related parties represented by companies owned by some of the major shareholders during the year ended 31 December:

	2020	2019
	JD	JD
Instalments received for finance lease contracts	491,855	221,726
Instalments received for instalment sale contracts	-	258,460
Lease revenue	335,151	330,550

During the year, the Group recognised the following remuneration, allowances and benefits for the directors and general manager:

	2020	2019
	JD	JD
Board of directors remunerations	25,000	25,000
Salaries, bonuses and remunerations received by the General Manager	193,670	219,432

(b) Details of balances with related parties as at 31 December were as follows:

Due to related parties (Note 17):

	2020	2019
	JD	JD
Nicola Abu Khader & Sons Co. Ltd.	3,191	14,617
The Leading Vehicles Co. Ltd.	13,250	1,500
Motor Vehicles Trading Company Ltd.	-	1,100
	16,441	17,217

(27) CONTINGENT LIABILITIES

As at 31 December 2020, the Group had contingent liabilities (2019: JD 6,500).

(28) DIVIDENDS DISTRIBUTION

The general assembly approved in their extraordinary meeting held on the 27 February 2020, to distribute an amount of JD 2,400,000 as cash dividends to the partners which represents 24% of the paid-in capital as at 31 of December 2019.

In respect of the previous year 2018, the General Assembly of shareholders on 24 February 2019 decided to distribute dividends in the amount of JD 2,200,000 of the retained earnings for 2018 equivalent to 22% of the Company's share capital and were fully paid.

(29) EARNINGS PER SHARE FROM THE PROFIT FOR THE YEAR

	2020	2019
	JD	JD
Profit for the year	3,993,770	4,200,729
Weighted average number of shares / (share) during the year	10,000,000	10,000,000
Basic and diluted earnings per share from profit for the year (JD/ share)	0,399	0,420

The basic earnings per share from the net profit for the year equals the diluted earnings per share as the Company did not issue any financial instruments that may have an impact on the basic earnings per share.

(30) IMPACT OF THE NOVEL CORONAVIRUS (COVID-19) ON THE GROUP'S BUSINESS

The existence of the Novel Coronavirus (COVID-19) was confirmed in early 2020 as it has spread throughout mainland China and beyond, causing disruptions to business and economic activity.

Coronavirus was classified as an epidemic by the World Health Organization in March of 2020 in response to this, the government of the Hashemite Kingdom of Jordan announced the Defence Law on 17 March 2020, which required the suspension of the activities of all public and private sector institutions, with the exception of institutions operating in vital sectors for a month, which was later extended for two weeks. As a result, the Group suspended its business for six weeks and gradually returned after the lockdown was lifted, but not at full capacity.

The Group deferred the loan payments to some of their customers, through postponing the interest and original instalment amount due for a period of one to two months. These deferrals are short-term liquidity in order to address the borrowers' cash flow matters. Deferrals provided to customers may indicate an increase in credit risk, however the Group believes that extending these instalments does not automatically mean an increase in credit risk. The deferred payments process aims to provide support to borrowers affected by the outbreak as to resume payments on a regular basis.

The impact of this outbreak was taken into consideration on the Group's provisions during 2020 and its revenues from finance leases and instalment sale, interest rates and the Group's ability to continue a going concern.