COMPREHENSIVE LEASING COMPANY
PUBLIC SHAREHOLDING COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Comprehensive Leasing Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Comprehensive Leasing Company (the Company), and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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.

Other Matter

The consolidated financial statements for the year ended 31 December 2021 were audited by another auditor who issued an unqualified opinion on 30 January 2022.

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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 consolidated financial statements for the year ended 31 December 2022. In addition to the matters described in the basis for opinion section 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. 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 consolidated 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 consolidated 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 consolidated financial statements.

Key Audit matter	Audit Procedure
Provision for expected credit losses resulted from finance lease contracts and instalments sale receivables: Finance lease contracts and instalments sale receivables represents 76% (31 December 2021: 83%) of the Group's total assets. An estimated provision for expected credit losses of finance lease contracts and instalments sale receivables is recorded based on the management's judgement. Management determines the provision for expected credit losses amount based on specific reviews of finance lease contracts and instalments sale receivables, individually or in groups, to determine whether there are any indicators of a decline in the customer's ability to repay for a certain period. Also, the management evaluates the expected credit losses based on its estimation of the recoverable amount from the assets pledged in favor of the Group. as well as experience with collection trends and historical default rates which is aligned to the requirements of IFRS (9).	**How the key audit matter was addressed in the audit** We evaluated the design and operating effectiveness of the controls over the accounting process of the provision for expected credit losses resulted from finance lease contracts and instalments sale receivables. We evaluated management's assumption and judgment by checking the historical collection trends and history of default. In addition, we performed ratio analysis on the Group's provision for expected credit losses of finance lease contracts and instalments sale receivables during prior years. We tested the aging of trade receivables of finance lease contracts and instalments sale receivables where no provision was recognized to check that there were no indicators of impairment. We selected a sample of the largest finance lease contracts and instalments sale receivables balances where a provision for impairment was recognized and understood the rationale behind management's judgment.

There is a risk in calculating provision for expected credit losses represented by the inaccuracy of the provision that is recognized whether from the use of inaccurate underlying data, or the use of unreasonable assumptions including the determination as to whether the receivables of finance lease contracts and instalments sale receivables are collectable. We focused on this area since it requires a high level of management judgment as the completeness of expected credit losses, may have a significant impact on the Group's profit.	We assessed the adequacy of the Group's disclosure regarding provision for expected credit losses. Further disclosures related to the provision for expected credit losses from finance lease contracts and instalments sale receivables are disclosed in notes (13 & 14) to the consolidated financial statements.

Other information included in the 2022 annual report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

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 IFRSs, 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, 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's 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 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 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 Company 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, 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 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

For and on behalf of Ernst & Young- Jordan

Amman – Jordan
26 January 2023

ERNST & YOUNG
Amman - Jordan

COMPREHENSIVE LEASING COMPANY
PUBLIC SHAREHOLDING COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Assets			
Non-current assets			
Intangible assets – net	7	23,128	24,047
Property and equipment – net	8	2,847,119	2,815,926
Projects under construction	9	2,935,755	1,725,944
Investment properties – net	10	2,932,740	2,988,650
Assets seized for debts	11	4,347,270	4,005,870
Right-of-use assets	23	1,154,534	344,702
Investment in an associate	12	2,365,000	-
Non-current portion of investment in finance lease – net	13	18,713,192	20,003,476
Non-current portion of investment in instalment sale receivables – net	14	14,540,228	16,112,019
		49,858,966	48,020,634
Current assets			
Current portion of investment in finance lease contracts – net	13	18,085,166	21,610,343
Current portion of investment in instalment sale receivables – net	14	11,254,090	11,242,457
Financial assets at fair value through income statement	15	1,409,524	1,194,476
Financial assets at amortized cost – net	16	201,143	-
Trade and other receivables	17	896,211	788,571
Cash on hand and at banks	18	147,116	89,329
		31,993,250	34,925,176
Total assets		81,852,216	82,945,810
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1 & 19	15,000,000	10,000,000
Statutory reserve	19	2,888,527	2,500,000
Retained earnings		5,079,651	9,121,085
Total shareholders' equity		22,968,178	21,621,085
Liabilities			
Non-current liabilities			
Long-term loans	20	31,885,878	29,152,933
Long-term lease liabilities	23	970,832	241,215
		32,856,710	29,394,148
Current liabilities			
Current portion of long-term loans	20	17,196,446	22,159,442
Bank overdrafts	21	6,114,911	6,895,506
Trade and other payables	22	1,406,327	1,544,451
Short-term lease liabilities	23	212,811	111,956
Investment properties deferred income		200,605	139,603
Income tax provision	24	896,228	1,079,619
		26,027,328	31,930,577
Total liabilities		58,884,038	61,324,725
Total shareholders' equity and liabilities		81,852,216	82,945,810

The attached notes from 1 to 39 are an integral part of these consolidation financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Revenues			
Revenues from finance lease contracts – net	25	6,483,353	7,495,777
Revenues from instalment sale – net	26	4,636,370	4,505,507
Total revenues		11,119,723	12,001,284
Administrative expenses	27	(1,634,816)	(1,535,535)
Net revenues from investment properties	28	219,689	217,338
Gain of change in fair value of financial assets through income statement	15	112,928	120,050
Other income		59,562	54,674
Dividends income received		61,257	12,963
Expected credit losses (finance lease and Instalment sale receivables)	13 &14	(792,829)	(833,718)
Expected credit losses (Government Bonds)	16	(34,458)	-
Finance costs	29	(4,622,946)	(4,820,624)
Profit for the year before income tax		4,488,110	5,216,432
Income tax expense	24	(1,141,017)	(1,334,222)
Profit for the year		3,347,093	3,882,210
Add: other comprehensive income items		-	-
Total comprehensive income for the year		3,347,093	3,882,210
Earnings per share:			
Basic and diluted earnings per share from the profit for the year attributable to the Group's shareholders	34	23%	39%

COMPREHENSIVE LEASING COMPANY
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD
For the year ended 31 December 2022				
Balance as at 1 January 2022	10,000,000	2,500,000	9,121,085	21,621,085
Increase in share capital (Notes 1&19)	5,000,000	-	(5,000,000)	-
Dividends distribution (Note 33)	-	-	(2,000,000)	(2,000,000)
Total comprehensive income for the year	-	-	3,347,093	3,347,093
Transferred to the statutory reserve	-	388,527	(388,527)	-
Balance as at 31 December 2022	15,000,000	2,888,527	5,079,651	22,968,178
For the year ended 31 December 2021				
Balance as at 1 January 2021	10,000,000	2,500,000	7,238,875	19,738,875
Dividends distribution (note 33)	-	-	(2,000,000)	(2,000,000)
Total comprehensive income for the year	-	-	3,882,210	3,882,210
Balance as at 31 December 2021	10,000,000	2,500,000	9,121,085	21,621,085

The attached notes from 1 to 39 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 2022

	Notes	2022	2021
		JD	JD
Operating activities			
Profit for the year before tax		4,488,110	5,216,432
Adjustments for:			
Depreciation and amortization	7, 8 & 23	307,989	246,405
Depreciation of investment properties	10	55,910	55,910
Provision for expected credit loss (finance lease contracts and instalment sale receivables)	13 & 14	792,829	833,718
Provision for expected credit loss (Government Bond)	16	34,458	-
Finance costs	29	4,622,946	4,820,624
Dividends income		(61,257)	(12,963)
Gain on sale of financial assets at fair value through income statement	15	(43,700)	-
Unrealized gain of change in fair value of financial assets through income statement	15	(69,228)	(120,050)
Unrealized losses from revaluation of investment properties	10	-	50,000
Gain on sale of property and equipment	8	(58,970)	(24,240)
Changes in working capital:			
Net investment in finance lease contracts		2,632,386	7,359,871
Net investment in instalment sale receivables		1,254,904	(1,810,852)
Trade and other receivables		(107,640)	(275,050)
Trade and other payables		(138,756)	203,558
Net Cash flows before income tax paid		13,709,981	16,543,363
Income tax paid	24	(1,324,408)	(1,437,051)
Net cash flows from operating activities		12,385,573	15,106,312
Investing activities			
Purchase of financial assets at fair value through income statement	15	(398,145)	(697,486)
Purchase of financial assets at amortized cost	16	(235,601)	(747,242)
Purchase of intangible assets	7	(8,808)	(4,248)
Projects under constructions	9	(1,209,811)	(1,725,944)
Purchase of property and equipment	8	(169,768)	(84,807)
Investment properties deferred income		61,002	(13,484)
Proceeds from sale of assets seized for debts	11	1,354,100	3,483,620
Proceeds from sale of financial assets at amortized cost	16	-	747,242
Proceeds from sale of property and equipment		92,238	24,596
Proceeds from sale of financial assets at fair value through income statement	15	296,025	-
Investment in an associates	12	(2,365,000)	-
Dividends income received		61,257	12,963
Net cash flows (used in) from investing activities		(2,522,511)	995,210
Financing activities			
Repayment of long-term loans		(2,230,051)	(7,826,094)
Finance costs paid		(4,556,689)	(4,788,274)
Dividends paid	33	(1,999,368)	(2,000,000)
Payment of lease liabilities	23	(238,572)	(175,025)
Net cash flows used in financing activities		(9,024,680)	(14,789,393)
Net change in cash and cash equivalents		838,382	1,312,129
Cash and cash equivalent as at 1 January		(6,806,177)	(8,118,306)
Cash and cash equivalents as at 31 December	18	(5,967,795)	(6,806,177)
Non-monetary transactions during the year:			
Right-of-use assets	23	1,030,694	83,654
Lease liabilities	23	(1,030,694)	(83,654)
Transferred from investment in finance lease contracts to assets seized for debts	11	1,695,500	3,044,610

The attached notes from 1 to 39 are an integral part of these consolidation financial statements

(1) GENERAL INFORMATION

Comprehensive Leasing Company was established on 14 April 2004 as a limited liability company under No. (8730) with a capital of 1,000,000 JD. On 12 September 2006, the legal status of the Company was changed into a public shareholding company and registered with the Ministry of Industry and Trade under No. (415). The Company's capital was increased during the previous years to become 10,000,000 JD as at 31 December 2019. The General Assembly decided in its extraordinary meeting held on 10 February 2022 to increase the capital by 5,000,000 JD, so the Company's capital became 15,000,000 JD as at 31 December 2022 with a nominal value of JD 1 for each share, by distributing free shares to the shareholders, which constitute 50% of the capital from the retained earnings each according to his contribution to the Company's capital. The Company's capital increase procedures were completed with the Ministry of Industry and Trade on 28 February 2022.

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 lands by providing the necessary services and fragmentation of the lands,
- Import and export,
- Touristic investments,
- 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). According to the provisions of item No. (5 - third) of the Act of establishing branches of offices of foreign companies and economic institutions No. (5) of 1989 related to the Kurdistan Region of Iraq, the branch commenced its operational activities during the first quarter of 2013.

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 23 January 2023.

(2) BASIS OF PREPARATION CONSOLIDATED FINANCE STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in Jordanian Dinars which represents the functional currency of the Group.

(3) BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

The consolidated financial statements include the financial statements of Comprehensive Leasing Company (the "Company") and the following subsidiaries (together referred as the "Group") as at 31 December 2022:

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

Control is achieved when the group has rights to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control over the investee company is achieved only when the following is achieved:

- Control of the Group over the investee (existing rights that give the Group the ability to direct the relevant activities of the investee);
- The Group's exposure or rights to the variable returns arising from its involvement with the investee; and
- The ability to exercise control over the investee company and affect its returns.

When the Group owns less than a majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances to determine whether it controls an investee, including:

- Contractual arrangements with holders of voting rights of others in the investee company,
- Rights arising from other contractual arrangements,
- The current voting rights and potential voting rights of the Group.

The Group reassesses whether it controls the investee company when circumstances or facts indicate a change in one or more of the three elements of control.

(3) BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS (CONTINUED)

The financial statements of the subsidiary are consolidated from the date on which control is exercised until such control ceases. Revenues and expenses of subsidiaries are consolidated in the consolidated statement of comprehensive income from the date the Group takes control of the subsidiaries until such control ceases.

Profits and losses and each item of other comprehensive income are charged to the equity holders of the parent company and the non-controlling interests even if this leads to a deficit in the balance of the non-controlling interests. If necessary, the financial statements of the subsidiaries are amended to align their accounting policies with the accounting policies of the Group. Assets, liabilities, equity, revenues, expenses, profits and losses relating to transactions between the Group and its subsidiaries are eliminated.

The effect of a change in the ownership percentage of the subsidiary that does not result in a loss of control is recorded in equity. Upon loss of control over a subsidiary, the Group derecognises the subsidiary's assets (including goodwill), liabilities, non-controlling interests and other items of equity, while the resulting gain or loss is recognized in the income statement. The investment is recognized at fair value.

(4) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated 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:

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no impact on the consolidated financial statements of the Group.

(4) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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 recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of the Group.

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 whether 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 consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments are not applicable on the group.

(4) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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 consolidated financial statements of the Group.

(5) USE OF ESTIMATES

The preparation of the consolidated financial statements and the application of accounting policies require the Group's management to make estimates and judgments that affect the amounts of assets and liabilities and disclose contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions, and in particular requires the group's management to make important judgments and assumptions to estimate the amounts of future cash flows and their times resulting from the conditions and circumstances of those estimates in the future. The estimates are necessarily based on assumptions and various factors that have varying degrees of estimation and uncertainty, and the actual results may differ from estimates as a result of future changes in the status and conditions of these provisions. The following are the group's most important estimates:

The useful life of property, equipment and investment properties

The Group's management estimates the useful lives of property, equipment and investment properties for the purposes of calculating depreciation based on the expected use of these assets. The management reviews the residual value and useful lives on an annual basis, and the future depreciation expense is adjusted if the management believes that the useful lives differ from previous estimates.

Provision for expected credit losses from leasing contracts and instalment sales

The Group uses a matrix to calculate the expected credit loss provision for receivables. Provision ratios are calculated based on the aging of receivables due to groups of customer segments that contain common characteristics of loss patterns, taking into account the adjustment of these matrices in line with historical default rates and future expectations of these rates.

The expected credit loss provisions matrix is initially based on the group's historical default rates. The group evaluates how historical default rates correlate with economic conditions.

(5) USE OF ESTIMATES (CONTINUED)

Significant estimates related to determining the lease term for contracts that include an option to renew the lease

The Group determines the lease term as the non-cancelable term, taking into account the periods covered by the option to extend the lease if the option is certain to be exercised, or any periods related to the option to terminate the lease if the Group is certain not to exercise This option.

Under some lease agreements, the Group has the right to lease the assets for additional periods. The Group makes some judgment when assessing whether it is reasonable to exercise a renewal option.

That is, the Group considers all relevant factors that constitute an economic incentive to exercise the renewal option. Subsequently, the Group reassesses the lease term if a significant event or change in circumstances within its control occurs that may affect its ability to exercise (or not exercise) the renewal option (for example, a change in business strategy).

The Group has included the renewal period as part of the lease term due to the importance of these assets to its operations. The term of the non-cancelable contract for some of these assets is considered relatively short, and in the event of termination of these contracts, the operational processes will be negatively affected in the absence of alternatives to these assets.

Income tax provision

The group calculates the income tax for the year based on realistic estimates, so that it can be audited by the Income and Sales Tax Department. The financial period is charged with the income tax expense in accordance with the regulations, laws and accounting standards, and the necessary tax provision is calculated and recorded.

Estimates related to the application of International Financial Reporting Standard No. (16)

The application of International Financial Reporting Standard No. (16) requires the company's management to make estimates and assumptions that affect the measurement of the right to use assets and related liabilities. The company's management takes into account all factors related to the option of extending or renewing lease contracts. Determining whether a contract is considered a lease requires testing. Management also uses estimates to determine the appropriate discount rate for measuring lease liabilities.

(6) SIGNIFICANT ACCOUNTING POLICIES

The following are the most important accounting policies applied:

Intangible assets

Intangible assets are measured upon acquisition at cost or at fair value if they result from the acquisition of subsidiaries.

Intangible assets are classified on the basis of their lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortized during this lifetime and are recognised in the consolidated statement of comprehensive 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 consolidated statement of comprehensive income.

Intangible assets arising from the Group's business are not capitalized and are recorded in the consolidated statement of comprehensive income in the same year.

Any indications of impairment of intangible assets are reviewed at the date of the consolidated financial statements. The age of those assets is also reviewed and any adjustments are made for subsequent years.

Property and equipment

Property and equipment are shown at cost less accumulated depreciation. Property and equipment (excluding land) are depreciated when ready for use on a straight-line basis after deducting the estimated residual value. The rates and period of depreciation used are as follows:

	Useful life (Years)
Buildings	25 - 50
Furniture and fixtures	10
Solar system	10
Computers	3
Electronics and electrical equipment	4-5
Decorations	4
Vehicles	6-7

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 book value is greater than its recoverable amount. Decrease is recognised in the consolidated statement of comprehensive 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 consolidated statement of comprehensive income.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Projects under construction
Projects under construction are shown at cost and include the cost of construction, equipment and direct expenses. Projects under construction are not depreciated until they are completed and ready for use.

Investment properties
Real estate investments represent investments in lands and buildings owned by the company for the purpose of obtaining rents or until their value increases. Real estate investments do not include buildings used for the company's normal activities or administrative purposes.

Real estate investments are shown at cost after deducting accumulated depreciation and any provision for impairment. Real estate investments are depreciated when they are ready for use using the straight-line method over their expected useful life using the following ratio:

	Useful life (Years)
Buildings	25 - 50

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 or the fair value, and are revaluated at fair value separately. Any impairment is recorded as a revenue in the income statement and the increase is not recognised as revenue. Subsequent increase is included in the consolidated income statement to the extent that impairment value does not exceed the previously recorded value.

Lease contracts
The Group evaluates contracts at inception to determine whether the contract is or contains a lease. That is, if the contract transfers the right of control to use the asset for a period of time in exchange for payments.

The Group applies a standardized approach to recognition and measurement in respect of all lease contracts, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities for lease payments and right-of-use assets representing the right to use the leased assets.

Right-to-use the assets
The Group recognizes a right-of-use asset at the commencement date of the lease (i.e., the date the asset is usable). The right-of-use asset is recognized at cost, less accumulated depreciation and impairment losses, and the value is adjusted when lease liabilities are revalued.

The cost of the right-of-use asset includes the value of the lease liabilities recognised, plus initial direct costs incurred, and lease payments made on or before the lease commencement date, less any lease incentives received. In the event that the group is not certain of obtaining ownership of the leased asset at the end of the contract period, the value of the right-to-use the recognized asset is depreciated on a straight-line basis over the useful life of the asset or the lease term, whichever is less. Right-of-use assets are subject to impairment testing.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right to use the assets(continued)
If the contract includes a transferring ownership of the leased asset to the Group at the end of the lease term, or if the rental cost reflects the right to exercise a purchase option at the end of the contract term, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are subject to impairment tests.

Lease liabilities
At the commencement date of the lease, the Group recognizes a lease liability at the present value of the lease payments to be made during the term of the lease. Lease payments include fixed payments (which includes payments that in substance are fixed lease payments) less lease incentives payable, variable lease payments that depend on agreed indicators or rates in accordance with the terms of the contract, and amounts expected to be collected under residual value guarantees. Lease payments also include the amount payable when a purchase option is exercised that the Group is certain to exercise and the amount of penalties for terminating the lease, if the Group intends to exercise the option to terminate in accordance with the terms of the contract.

Variable lease payments that do not depend on indicators or rates agreed upon in accordance with the terms of the contract are recognized as an expense in the period in which the event or condition that leads to the payment of those amounts occurs.

When calculating the present value of lease payments, the Group uses the borrowing rate at the lease starting date if the interest rate implicit in the lease is not determinable. After the start date, lease liabilities are increased to reflect the increased interest rate and lease payments paid. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in secured fixed lease payments, or a change in the purchase valuation of the asset.

Short-term contracts and leases of low-value assets
The Group applies the short-term lease recognition exemption to certain short-term leases (i.e., leases with a term of 12 months or less from the start date that do not contain a purchase option). It also applies to the recognition exemption for leases of low-value assets (less than $5,000 annually). Short-term lease payments and low-value leases are recognized as an expense on a straight-line basis over the lease term.

The Group defines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is certain to be exercised, or any periods covered by an option to terminate the lease, if it is certain not to be exercised.

The Group has the option, under some leases, to lease the assets subject to additional terms. The Group applies judgment in assessing whether it is reasonably certain to exercise the option to renew.

That is, the group takes into account all relevant factors that create an economic incentive for the practice of renewal. After the start date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew (for example, a change in business strategy).

The Group included the renewal period as part of the lease term for its property and equipment leases because of the importance of these assets to its operations. These leases are of short duration and are non-cancellable and there will be a significant negative impact on production if an alternative is not readily available.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates

An associate is an entity over which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policies of the investee, but is not control or joint control over those policies.

The considerations used to determine joint control are somewhat similar to the considerations used to determine control over subsidiaries.

The Group's investment in the associate company is recognized under the equity method.

Under the equity method, investments in associates are stated at cost. The book value of the investments in the associate company is adjusted to record the Group's share in the changes in the net assets of the associate company on the date of acquisition. The goodwill generated by the associate company is recorded as part of the investment account and is not amortized nor is an impairment test conducted for it individually.

The consolidated statement of comprehensive income reflects the group's share of the results of the operations of the associate company, any changes in the statement of comprehensive income for this investment, and it is classified in the statement of comprehensive income of the group. In the event of a change in the equity of the affiliate company, these changes, if any, are shown in the statement of changes in the consolidated equity of the group. Profits and losses resulting from transactions between the Group and the associate companies are eliminated to the extent of the Group's interest in the associate company.

The Group's share of the associate company's profits or losses is shown in the consolidated statement of comprehensive income outside operating profits and represents profit or loss after tax and non-controlling interests in the affiliate company.

The financial statements of the associate company are prepared for the same financial period as the group and using the same accounting policies.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investing in instalment sales and financial leasing contracts

Under the instalment sale contract, the Group purchases the asset and registers it in the name of the beneficiary against payments and mortgages the sold asset to the Group until all payments due are completed.

The investment in instalment sales contracts is initially recognized at its fair value and subsequently measured on amortized cost basis using the effective interest method and after deducting the provision for impairment in value. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original debt terms. The debtor's encounter with significant financial difficulties, the possibility of bankruptcy, the debtor's financial restructuring, default or delay in payments are all indicators of impairment in the accounts receivable. The amount of the provision represents the difference between the asset's book value and the present value of the expected cash flows, discounted at the market interest rate. The carrying amount of the assets is reduced using an allowance account, and the loss is recognized in the consolidated statement of comprehensive income. Uncollectible trade receivables are written off in the provision for impairment of trade receivables account, and in the event that receivables that were previously written off are collected, they are recorded in other income in the consolidated statement of comprehensive income.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other types of leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis based on the term of the relevant lease. Under a lease contract, the lessor, against payments, transfers to the lessee the right to use an asset for a limited period of time ending with the transfer of ownership to the lessee. Investments in finance lease contracts are shown at the net present value of finance lease payments after deducting the provision for doubtful receivables (if any).

All direct costs of finance leases are included in the net present value of investments in finance leases. The finance lease payments are divided between the lease revenues and the principal amount paid so that the finance lease income is distributed over the life of the contract so as to reflect a fixed periodic rate of return on the balance of the Group’s net investment outstanding during the lease period.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value through income statement

These are the financial assets that the Group purchased with the aim of selling them in the near future and making profits from short-term market price fluctuations or trading profit margins.

These assets are recorded at fair value upon purchase (acquisition expenses are recorded on the consolidated income statement upon purchase) and are subsequently re-evaluated at fair value. The change in fair value appears in the consolidated income statement, including the change in fair value resulting from translation differences of non-monetary asset items in foreign currencies. In the event that these assets or part thereof are sold, the resultant profits or losses are included in the consolidated statement of comprehensive income.

Dividends distributed or interest earned are recorded in the consolidated statement of comprehensive income.

Financial assets at amortized cost

They are the financial assets that the company's management, according to its business model, aims to keep in order to collect contractual cash flows, which are represented by payments of principal and interest on the outstanding debt balance.

Financial assets are recorded upon purchase at cost plus acquisition expenses, and the premium / discount is amortized using the effective interest method, debited to or in the interest account, and any provisions resulting from impairment are deducted in accordance with the calculation of the expected credit loss, and the expected credit loss is recorded in the consolidated statement of comprehensive income.

The amount of impairment in the value of financial assets at amortized cost represents the expected credit loss for financial assets at amortized cost.

It is not permissible to reclassify any financial assets from / to this item except in the cases specified in the International Financial Reporting Standards (and in the event that any of these assets is sold before its maturity date, the result of the sale is recorded in the consolidated income statement in a separate item and disclosed in accordance with the requirements of the reporting standards international finance in particular).

Financial assets recognization date

Purchases and sales of financial assets are recognized on the trade date.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for expected credit losses. The Group has applied a simplified approach to calculating expected credit losses.

The Group's management calculates the provision based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. A receivable is written off when the Group cannot reasonably expect to recover the contractual cash flows.

Cash and Cash equivalent

Cash and bank balances appearing in the consolidated statement of financial position represent cash on hand and at banks with maturities not exceeding three months, which do not include the risk of change in value.

Loans

Loans are recognized at fair value, less direct costs attributable to the loans. They are subsequently carried at amortized cost using the effective interest method.

Loan interests are charged to the consolidated statement of comprehensive income in the period in which these interests are realised, which includes the grace period, if any.

Finance costs

Finance costs are recognized as an expense in the consolidated income statement when incurred. Finance costs attributable to the acquisition, construction or production of qualifying assets are capitalized.

Accounts payable and accruals

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

Provisions

Provisions are recognized when the company has a present obligation (legal or actual) resulting from a past event, and settlement of the obligations is probable and their value can be measured reliably.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

Tax expense represents the amount of tax owed and deferred tax.

The tax expenses are calculated on the basis of the taxable profits, and the taxable profits differ from the profits declared in the financial statements because the declared profits include non-taxable revenues or expenses that are not deductible in the fiscal year but rather in subsequent years or the accumulated losses that are taxable or items that are not subject to or Acceptable for tax purposes.

Taxes are calculated according to the tax rates established in accordance with the income tax law in the countries in which the group companies operate.

Deferred taxes are taxes that are expected to be paid or recovered as a result of temporary time differences between the value of assets or liabilities in the financial statements and the value on which the tax profit is calculated. Deferred taxes are calculated using the statement of financial position liability method. Deferred taxes are calculated according to the tax rates that are expected to be applied when settling the tax liability or realizing the deferred tax assets.

The balance of deferred tax assets is reviewed on the date of the consolidated financial statements and is reduced in the event that it is expected that it is not possible to benefit from those tax assets partially or completely.

Revenue Recognition

The group recognizes transaction costs directly related to obtaining new contracts at the beginning at their fair value and is recorded within the value of investment in finance lease contracts or instalment sale receivables, according to the nature of the transaction originating through them, and is distributed later during the life of the related contract using the effective interest method.
Interest income is recognized using the effective interest method.

Foreign currency

Transactions in foreign currencies during the year are recorded at the prevailing exchange rates on the date of the transactions, and balances of financial assets and financial liabilities in foreign currencies are translated at the prevailing exchange rates on the date of the consolidated financial statements. Gains and losses arising from foreign currency translation are recorded in the consolidated statement of comprehensive income.

Recognition of expenses

Expenses are recognized on an accrual basis.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment in the value of financial assets

The application of International Financial Reporting Standard No. (9) (Financial Instruments) resulted in changing the accounting treatment for the impairment of the group's financial assets by replacing the accounting treatment from the incurred credit losses model to the expected credit losses model.

IFRS 9 requires the Group to record an allowance for expected credit losses on all debt instruments at amortized cost.

The Group applied the simplified method from the standard for recording expected credit losses on all debt instruments, and calculating expected credit losses over the entire life of the debt instruments. The Group has prepared a study based on the historical credit loss experience taking into account the forward-looking factors specific to the debtors and the economic environment.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is evidence that assets are impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's collectible amount is the higher of the asset's fair value or cash-generating unit less costs to sell and its value in use and is determined for individual assets, unless the assets do not generate cash inflows that are largely independent of those from other assets or group assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

In assessing the fair value in use, the future cash flows are discounted to their present fair 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 it is not possible to identify such transactions, the appropriate valuation model is used. These calculations are corroborated by valuation multiples of traded subsidiaries' share prices or other available fair value indices.

Segment information

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other business sectors, which are measured according to the reports that are used by the CEO and the main decision-maker of the group.

The geographical sector is related to providing products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

(6) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

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

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the 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
- That there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Offsetting

Financial assets and financial liabilities are only offset and is reported in net in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

(7) INTANGIBLE ASSETS – NET

The details of this item are as follows:

	Computer Programs	
	2022	2021
	JD	JD
Cost:		
Balance at 1 January	149,547	145,299
Additions	8,808	4,248
Balance at 31 December	158,355	149,547
Accumulated Amortization:		
Balance at 1 January	125,500	115,491
Amortization for the year	9,727	10,009
Balance at 31 December	135,227	125,500
Net book value as at 31 December	23,128	24,047

(8) PROPERTY AND EQUIPMENT – NET

	Land*	Buildings	Furniture and fixtures	Solar system	Computers	Electronics and electrical equipment	Decorations	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2022 -									
Cost:									
Balance at 1 January	1,541,495	1,054,844	110,497	25,000	64,680	155,736	44,335	221,238	3,217,825
Additions	-	5,192	1,882	-	18,072	1,301	3,775	139,546	169,768
Disposals	-	-	-	-	-	(16,160)	(8,200)	(140,320)	(164,680)
Balance as at 31 December	1,541,495	1,060,036	112,379	25,000	82,752	140,877	39,910	220,464	3,222,913
Accumulated depreciation:									
Balance at 1 January	-	73,035	45,157	6,458	61,151	60,049	30,948	125,101	401,899
Depreciation for the year	-	21,133	10,264	2,500	3,393	16,303	9,984	41,730	105,307
Disposals	-	-	-	-	-	(6,611)	(7,891)	(116,910)	(131,412)
Balance as at 31 December	-	94,168	55,421	8,958	64,544	69,741	33,041	49,921	375,794
Book value as at 31 December	1,541,495	965,868	56,958	16,042	18,208	71,136	6,869	170,543	2,847,119

* The above land mortgaged against a loan in favour of Arab Jordan Investment Bank (Note 20).

(8) PROPERTY AND EQUIPMENT – NET (CONTINUED)

	Land	Buildings	Furniture and fixtures	Solar system	Software devices	Electronics and electrical equipment	Decorations	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2021 -									
Cost:									
Balance at 1 January	1,541,495	1,054,394	105,622	25,000	65,929	160,811	45,218	198,720	3,197,189
Additions	-	450	7,343	-	879	3,337	3,630	69,168	84,807
Disposals	-	-	(2,468)	-	(2,128)	(8,412)	(4,513)	(46,650)	(64,171)
Balance as at 31 December	1,541,495	1,054,844	110,497	25,000	64,680	155,736	44,335	221,238	3,217,825
Accumulated depreciation:									
Balance at 1 January	-	51,944	37,667	3,958	53,443	51,423	25,665	144,742	368,842
Depreciation for the year	-	21,091	9,958	2,500	9,836	16,682	9,796	27,009	96,872
Disposals	-	-	(2,468)	-	(2,128)	(8,056)	(4,513)	(46,650)	(63,815)
Balance as at 31 December	-	73,035	45,157	6,458	61,151	60,049	30,948	125,101	401,899
Book value as at 31 December	1,541,495	981,809	65,340	18,542	3,529	95,687	13,387	96,137	2,815,926

(9) PROJECTS UNDER CONSTRUCTION

The following is the movement of the projects under construction:

	2022	2021
	JD	JD
Balance at 1 January	1,725,944	-
Additions	1,209,811	1725,944
Balance at 31 December	2,935,755	1,725,944

Projects under construction consist of three buildings which include 12 flats, which are near the Fifth Circle on land No. (834) Basin (18/Wadi Saqra) located in Amman – Jordan. The land area is 2175 meters, and the estimated cost of completing the project is four million and five hundred thousand dinars. The project is expected to be completed during the second quarter of 2023.

(10) INVESTMENT PROPERTIES – NET

This item represents real estate owned by the Group, which includes lands and buildings. The movement of the investment properties balance during the year is as follows:

	2022	2021
	JD	JD
Cost		
Balance as at 1 January	3,938,554	3,988,554
Revaluation of investment properties	-	(50,000)
Balance as at 31 December	3,938,554	3,938,554
Accumulated depreciation		
Balance as at 1 January	949,904	893,994
Depreciation for the year	55,910	55,910
Balance as at 31 December	1,005,814	949,904
Net book value as at 31 December	2,932,740	2,988,650

The management estimated the fair value of the real estate investments as at 31 December 2022, by appointing a licenced independent appraiser. Moreover, the fair value of the investment properties of JD 3,855,882, exceeded its book value as at 31 December 2022.

(11) ASSETS SEIZED FOR DEBTS

Below is the summary of the movement of assets seized for debts:

	2022	2021
	JD	JD
Cost		
Balance as at 1 January	4,005,870	4,554,780
Additions	1,695,500	2,934,710
Disposals	(1,354,100)	(3,483,620)
Balance as at 31 December	4,347,270	4,005,870

The Group valued these properties during 2022, and there was no impairment in the value of seized properties as at 31 December 2022.

(12) INVESTMENT IN AN ASSOCIATE

During the year, the Group, in cooperation with the National Bank of Iraq (private shareholding company), established Al-Ahly Al-Iraqi Company for Trading, Selling and Buying Cars, Machinery, Machinery and Equipment (a limited liability company in Iraq "Associate Company"). The Group's share percentage in the total capital is 49% against 51% for the National Bank of Iraq. The capital of the Associate Company was determined at 10,000,000,000 Iraqi Dinars, divided into 10,000,000,000 shares, with a nominal value of one Iraqi Dinar per share, which is equivalent to 4,826,530 Jordanian Dinars.

The Company has a significant influence on the Associate Company, since two out of five members of the board of directors of the Associate Company are representatives of the Company, and therefore the investment was recorded as an investment in an associate using the equity method.

The table below summarizes the percentage of investment in an associate:

	Country	Ownership percentage		Investment value	
		2022	2021	2022	2021
		%	%	JD	JD
Al-Ahly Al-Iraqi Company for Trading, Selling and Buying Cars, Machinery and Equipment (Limited Liability)	Iraq	49%	-	2,365,000	-

(13) INVESTMENT IN FINANCE LEASE CONTRACTS – NET

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

	2022	2021
	JD	JD
Total investment in long-term finance lease contracts (over one year)	23,044,690	26,807,427
Total investment in short-term finance lease contracts	20,731,724	22,343,034
Total	43,776,414	49,150,461
Deferred revenues	(5,409,605)	(6,263,561)
Total before provision	38,366,809	42,886,900
Provision for expected credit losses in finance lease contracts	(1,568,451)	(1,273,081)
	36,798,358	41,613,819
Less: Net investment in long-term finance lease contracts	(18,713,192)	(20,003,476)
Net investment in finance lease contracts that are due in a year	18,085,166	21,610,343

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

	2022	2021
	JD	JD
Balance as at 1 January	1,273,081	1,065,028
Expense of provision for expected credit loss	487,575	458,070
Written-off debts	(192,205)	(250,017)
Balance as at 31 December	1,568,451	1,273,081

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

	Outside Jordan	Inside Jordan	31 December 2022	31 December 2021
	JD	JD	JD	JD
Vehicles	973,032	37,280,989	38,254,021	41,964,549
Real estate	2,579,051	2,943,342	5,522,393	7,185,912
	3,552,083	40,224,331	43,776,414	49,150,461

(14) INVESTMENT IN INSTALMENT SALE RECEIVABLES – NET

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

	2022	2021
	JD	JD
Total investment in long-term instalment sale contracts (over one year)	15,112,580	15,185,622
Total investment in short-term instalment sale contracts	15,981,610	17,821,673
Total	31,094,190	33,007,295
Deferred revenues	(3,864,785)	(4,406,330)
Total before provision	27,229,405	28,600,965
Provision for expected credit loss in instalment sale contracts	(1,435,087)	(1,246,489)
	25,794,318	27,354,476
Less: Net investment in long-term instalment sale contracts	(14,540,228)	(16,112,019)
Net investment in instalment sale contracts that are due in a year	11,254,090	11,242,457

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

	2022	2021
	JD	JD
Balance as at 1 January	1,246,489	1,025,115
Expense of provision for expected credit loss	305,254	375,648
Written-off debts	(116,656)	(154,274)
Balance as at 31 December	1,435,087	1,246,489

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

	Outside Jordan	Inside Jordan	31 December 2022	31 December 2021
	JD	JD	JD	JD
Vehicles	2,148,499	27,545,230	29,693,729	31,438,634
Real estate	899,639	500,822	1,400,461	1,568,661
	3,048,138	28,046,052	31,094,190	33,007,295

(15) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

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

	2022	2021
	JD	JD
Shares of listed companies	1,409,524	1,194,476

(15) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

The movement on financial assets at fair value through income statement is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	1,194,476	376,940
Purchase of financial assets at fair value through income statement	398,145	697,486
Sales of financial assets at fair value through income statement	(252,325)	-
Unrealized gain of financial assets at fair value through income statement	69,228	120,050
Balance as at 31 December	1,409,524	1,194,476

The following are the details of the gains of financial assets at fair value through income statement that appear in the consolidated statement of comprehensive income:

	2022	2021
	JD	JD
Gain of sale of financial assets at fair value through income statement	43,700	-
Unrealized gain of financial assets at fair value through income statement	69,228	120,050
Balance at 31 December	112,928	120,050

(16) FINANCIAL ASSETS AT AMORTIZED COST – NET

Financial assets at amortized cost represent bonds in international markets. The details of this item are as follows:

	2022	2021
	JD	JD
Governmental Bonds (outside Jordan)	201,143	-

The movement on financial assets at amortized cost is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	-	-
Investment during the year	235,601	747,242
Repaid investments	-	(747,242)
Expected credit loss	(34,458)	-
Balance as at 31 December	201,143	-

(17) TRADE AND OTHER RECEIVABLES

	2022	2021
	JD	JD
Deposits of sales of mortgaged assets	553,950	477,126
Prepaid expenses	274,904	228,966
Employees' receivables	10,937	25,272
Sales tax deposits	-	21,172
Refundable deposits	13,128	9,764
Others	43,292	26,271
	896,211	788,571

(18) CASH AND CASH EQUIVALENTS

	2022	2021
	JD	JD
Cash on hand	7,280	7,567
Cash at banks	139,836	81,762
	147,116	89,329

For the purposes of preparing the statement of cash flows, cash and cash equivalent includes the following:

	2022	2021
	JD	JD
Cash at banks	147,116	89,329
Bank overdrafts (Note 21)	(6,114,911)	(6,895,506)
Cash and cash equavilant	(5,967,795)	(6,806,177)

(19) SHAREHOLDERS' EQUITY

Paid-in capital

The authorized and paid-in capital of the Company amounted to 10,000,000 dinars as on 31 December 2019. The General Assembly decided, in its extraordinary meeting held on 10 February 2022, to increase the capital by an amount of 5,000,000 dinars, so that the Company's capital became 15,000,000 dinars as at 31 December 2022, with a nominal value JD 1 per share, through distributing free shares to shareholders, which constitute 50% of the capital, from the retained earnings, each in proportion to their contribution of the Company's capital. The Company's capital increase procedures were completed with the Ministry of Industry and Trade on 28 February 2022.

Statutory reserve

According to the Jordanian Companies Act, 10% of annual net income before tax is transferred to the statutory reserve, the Group can stop this annual transfer if the statutory reserve reaches 25% of the Group's capital. This reserve is not available for distribution to shareholders.

(20) LOANS

	2022			2021		
	Interest rate	Credit limit	Balance	Interest rate	Credit limit	Balance
	%	JD	JD	%	JD	JD
Bank Al Etihad	-	-	-	7.50%	6,500,000	3,347,890
Capital Bank of Jordan	9.75%	10,900,000	4,758,956	7.75%	8,400,000	7,101,862
Capital Bank of Jordan (formerly Societe Generale Bank)	9.75%	5,650,000	4,112,214	7.50%	5,650,000	4,580,378
Jordan Commercial Bank	8.87%	8,200,000	7,432,683	7.75%	8,200,000	7,309,091
Housing Bank for Trade And Finance	10.00%	12,016,000	8,419,765	7.55%	9,266,000	7,208,009
Capital Bank of Jordan	-	-	-	8.25%	2,500,000	1,053,555
Jordan Kuwait Bank*	8.25%	3,500,000	2,100,000	-	-	-
Jordan Kuwait Bank	10.00%	11,930,000	5,958,812	8.00%	11,930,000	7,170,178
Arab Jordan Investment Bank	10.00%	14,260,000	9,489,556	7.25%	12,310,000	10,444,682
Arab Jordan Investment Bank**	9.00%	2,968,000	2,968,000	5.50%	843,327	843,327
Egyptian Arab Land Bank	8.25%	2,250,000	2,150,126	7.50%	2,250,000	2,253,403
Arab Banking Corporation	8.25%	1,800,000	1,692,212	-	-	-
Total borrowings		73,474,000	49,082,324		67,849,327	51,312,375
Less: Current portion			(17,196,446)			(22,159,442)
Long-term portion			31,885,878			29,152,933

* This loan was granted against land No. (834) Basin (18/Wadi Saqra) located in Amman – Jordan in accordance with the agreement signed with the Jordan Kuwait Bank (Note 9).

** This loan was granted against land No. (74) Basin (21/Um Uthaina) located in Amman – Jordan according to the agreement signed with the Arab Jordan Investment Bank (Note 8).

The distribution of loans in short- and long-term installments is as follows:

	31 December 2022	31 December 2021
	JD	JD
Loan instalments due within a year	17,196,446	22,159,442
Long-term instalments	31,885,878	29,152,933
Total	49,082,324	51,312,375

The annual repayments amounts for long-term loans that mature after more than one year are as follows:

	JD
1 January 2024 – 31 December 2024	13,565,604
1 January 2025 – 31 December 2025	10,186,574
1 January 2026 – 31 December 2026	7,783,700
1 January 2027 – 31 December 2027	350,000
	31,885,878

(21) BANK OVERDRAFTS

	2022			2021		
	Interest rate	Credit limit	Balance	Interest rate	Credit limit	Balance
	%	JD	JD	%	JD	JD
Bank Al Etihad	-	-	-	7.50%	1,050,000	257,715
Capital Bank of Jordan	9.75%	2,850,000	1,665,444	7.75%	2,350,000	1,766,448
Jordan Capital Bank (formerly Societe Generale Bank)	9.75%	500,000	299,743	7.50%	500,000	96,008
Jordan Commercial Bank	8.87%	1,800,000	1,495,680	7.75%	1,800,000	1,315,004
Capital Bank of Jordan	10.00%	1,963,000	787,543	7.55%	1,963,000	1,448,851
Housing bank for trade and finance	-	-	-	8.25%	500,000	202,512
Capital Bank of Jordan	10.00%	1,763,000	695,540	8.00%	1,763,000	665,592
Jordan Kuwait Bank	9.50%	855,000	351,231	7.25%	805,000	523,474
Egyptian Arab Land Bank	8.25%	750,000	651,470	7.50%	750,000	619,902
Arab Bank corporation	8.25%	200,000	168,260	-	-	-
Total Overdrafts		10,681,000	6,114,911		11,481,000	6,895,506

(22) TRADE AND OTHER PAYABLES

	2022	2021
	JD	JD
Trade payables	301,832	318,059
Payments received in advance – finance lease contracts	637,463	710,034
Payments received in advance – instalment sale contracts	357,669	387,138
Employees' receivables	34,955	75,338
Unpaid accrued expenses	16,460	23,189
Sales tax payable	10,017	-
Social security payable	12,301	13,435
Post-dated cheques	3,341	5,742
Shareholders' payable	1,571	939
Income tax payable	5,810	554
Social committee payable	782	807
Others	24,126	9,216
	1,406,327	1,544,451

(23) LEASE CONTRACTS

The Group recognized the right-to-use assets against lease liabilities according to the long-term lease contracts signed between the Group and other parties.

According to the agreements signed between the Group and other parties, the long-term lease contracts are represented in nine contracts, which are contracts for the Group's branches in Jordan and Kurdistan, as the Group carries out all its operations in Jordan and Kurdistan. The duration of these contracts are between 5-10 years. The Group has the option to extend the duration of the contracts, but it is not mandatory and not guaranteed. Annual rental instalments are JD 238,572 and were payable during the year, the interest rate used is 9% included in the lease as a discount rate, which represents the interest rate adopted for late lease payments.

(23) LEASE CONTRACTS (CONTINUED)

The table below shows the book value of the right-to-use assets and lease liabilities and their movement during the year ended on 31 December 2022:

	Right-of-use Assets	Lease liabilities
	JD	JD
Balance at 1 January 2022	344,702	353,171
Additions	1,030,694	1,030,694
Disposals	(27,907)	(30,500)
Depreciation of right-of-use assets (note 27 & 28)	(192,955)	-
Interests on lease liabilities (note 28 & 29)	-	68,850
Payments of lease liabilities	-	(238,572)
Balance at 31 December 2022	1,154,534	1,183,643

The table below shows the book value of the right-to-use assets and lease liabilities and their movement during the year ended on 31 December 2021:

	Right-of-use Assets	Lease liabilities
	JD	JD
Balance at 1 January 2021	402,518	412,192
Additions	83,654	83,654
Disposals	(1,946)	-
Depreciation of right-of-use assets (note 27 & 28)	(139,524)	-
Interests on lease liabilities (note 28 & 29)	-	32,350
Payments of lease liabilities	-	(175,025)
Balance at 31 December 2021	344,702	353,171

The details of the lease liabilities as of 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
	JD	JD
Short-term	212,811	111,956
Long-term	970,832	241,215
	1,183,643	353,171

(24) INCOME TAX

(A) Reconciliation of the accounting profit with the taxable profit

Jordan:

	2022	2021
	JD	JD
Accounting income	4,292,507	5,100,418
Non-taxable expenses	395,442	297,662
Taxable income	4,687,949	5,398,080
Income tax for the year	1,111,677	1,316,820
Statutory tax rates	21% - 28%	21% - 28%
Effective tax rate	24%	24%

Kurdistan- Iraq

	2022	2021
	JD	JD
Accounting income	195,603	116,014
Non-taxable expenses	-	-
Taxable income	195,603	116,014
Income tax for the year	29,340	17,402
Statutory tax rates	15%	15%
Effective tax rate	15%	15%

(B) Income tax provision:

The movement of income tax in Jordan is as follows:

	2022	2021
	JD	JD
Balance at 1 January	1,062,217	1,162,287
Income tax paid	(1,307,006)	(1,416,890)
Income tax on the profit of the year	1,111,677	1,316,820
Balance at 31 December	866,888	1,062,217

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

	2022	2021
	JD	JD
Balance at 1 January	17,402	20,161
Income tax paid	(17,402)	(20,161)
Income tax on the profit of the year	29,340	17,402
Balance at 31 December	29,340	17,402

(24) INCOME TAX (CONTINUED)

(B) Income tax provision (continued):

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

	2022	2021
	JD	JD
Income tax expense	1,141,017	1,334,222
Income tax provision	896,228	1,079,619

The income tax provision was calculated for the years ended 31 December 2022 and 31 December 2021 in accordance with the Income Tax Act No. (34) of 2014 and its amendments. 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 years 2019 until 2021 was submitted and has not been audited nor a final decision was issued by the Income and Sales Tax Department until the date of these consolidated financial statements.

Comprehensive Vehicle Trading Company (subsidiary) obtained a final clearance from the Income Tax Department until the end of 2020. The self-assessment for the year 2021 was submitted and has not been audited nor a final decision was issued by the Income and Sales Tax Department until the date of these consolidated financial statements.

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 2021.

As for the Kurdistan Region branch, the Group obtained a final clearance from the Income Tax Department until the end of 2021.

(25) INCOME FROM FINANCE LEASE CONTRACTS – NET

	2022	2021
	JD	JD
Total income from finance lease contracts	6,606,366	7,591,025
Less:		
Fees, licenses, stamps and commissions	(123,013)	(88,238)
Maintenance and repair	-	(7,010)
	6,483,353	7,495,777

(26) REVENUE FROM INSTALMENT SALE – NET

	2022	2021
	JD	JD
Revenue from instalment sale	4,711,636	4,616,633
Less: cost of insurance, stamps, commissions and transfer of the ownership of instalment sale assets	(75,266)	(111,126)
	4,636,370	4,505,507

(27) ADMINISTRATIVE EXPENSES

	2022	2021
	JD	JD
Salaries and wages	931,575	932,500
Depreciations and amortizations (note 7 & 8)	115,034	106,880
Donations	5,490	600
Depreciation the rights-of-use assets (note 23)	86,917	90,672
Advertising and promotion	117,253	49,366
Company's contribution in social security	103,118	86,855
Governmental fees	59,803	32,935
Professional fees and consultation	32,239	60,845
Maintenance	26,003	25,092
Board of directors' remuneration (note 31)	25,000	25,000
Telephone and postage	18,607	17,411
Stationary	14,045	13,538
Medical insurance	11,768	11,330
Rent	10,827	11,456
Electricity and water	13,733	11,177
Hospitality	8,573	6,778
Travel expenses	25,158	29,303
Transportation	7,249	6,642
Training courses	3,628	700
Others	18,796	16,455
	1,634,816	1,535,535

(28) NET REVENUE FROM INVESTMENT PROPERTIES

This item represents net income from investment properties as follows:

	2022	2021
	JD	JD
Rental income	418,448	329,120
Less cost:		
Depreciation of investment properties (note 10)	(55,910)	(55,910)
Depreciation of rights-of-use assets (note 23)	(106,038)	(48,852)
Interest of lease liabilities (note 23)	(34,913)	(5,513)
Insurance fees	(1,898)	(1,507)
	219,689	217,338

(29) FINANCE COSTS

	2022	2021
	JD	JD
Interest on loans and other commissions	4,589,009	4,793,787
Interest of lease liabilities (note 23)	33,937	26,837
	4,622,946	4,820,624

(30) 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:

	2022	2021
	JD	JD
Assets		
Property and equipment	39,241	8,135
Rights-of-use assets	58,302	76,739
Investment in finance lease contracts – net	3,140,171	3,056,587
Investment in instalment sale receivables – net	2,232,582	1,710,188
Trade and other receivables	7,615	2,235
Cash on hand and at banks	97,897	34,675
Total assets	5,575,808	4,888,559
Equity and liabilities		
Equity		
Head office account	(3,622,135)	(3,474,027)
Total equity	(3,622,135)	(3,474,027)
Liabilities		
Loans	8,455,807	7,570,552
Bank overdrafts	584,560	587,154
Lease liabilities	57,416	74,833
Trade and other payables	70,820	112,645
Income tax provision	29,340	17,402
Total liabilities	9,197,943	8,362,586
Total equity and liabilities	5,575,808	4,888,559

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

	2022	2021
	JD	JD
Revenue from finance lease contracts – net	496,912	464,060
Revenue from instalment sale – net	418,329	304,591
Gross profit	915,241	768,651
Administrative expenses	(205,750)	(226,324)
Other losses	20,058	498
Operating profit	729,549	542,825
Finance costs	(533,948)	(426,807)
Profit for the year before tax	195,601	116,018
Income tax expense	(29,340)	(17,402)
Profit for the year	166,261	98,616
Add: Other comprehensive income items	-	-
Total comprehensive income for the year	166,261	98,616

(30) GEOGRAPHIC SEGMENT (CONTINUED)

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

	2022	2021
	JD	JD
Salaries and wages	100,728	140,000
Depreciation of rights-of-use assets	18,438	19,417
Advertising and promotion	24,168	8,530
Rent	10,827	11,456
Professional fees and consultation	7,939	9,645
Depreciation and amortisation	7,270	1,674
Travel expenses	9,547	12,344
Company’s contribution in social security	5,506	5,088
Electricity and water	5,830	4,072
Telephone and postage	2,493	2,053
Governmental fees	3,308	2,263
Transportation	2,292	2,805
Hospitality	642	1,164
Stationary	477	320
Others	6,285	5,493
	205,750	226,324

(31) RELATED PARTY TRANSACTIONS

Related party transactions represent transactions with subsidiaries, major shareholders, and key management personnel of the Group and companies of which they are principal shareholders. Pricing and policies and terms of These transactions are approved by the Group’s management.

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:

Below are the balances resulted from transactions with related parties:

	2022	2021
	JD	JD
Due to related parties (within Trade and other payable item):		
Nicola Abu Khader& Sons Co. (Sister Company)	3,580	755
Motor Vehicles Trading Company (Sister Company)	77	-
The Leading Vehicles Co. (Sister Company)	-	800
	3,657	1,555

(31) RELATED PARTY TRANSACTIONS (CONTINUED)

The following is a summary of transactions with subsidiaries shown in the consolidated statement of comprehensive income:

	2022	2021
	JD	JD
Revenue from finance lease contracts	686,507	1,355,252
Rental income	418,448	329,120

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

	2022	2021
	JD	JD
Board of directors' remunerations (Note 27)	25,000	25,000
Salaries, bonuses and remunerations paid to the General Manager	142,940	155,810

(32) CONTINGENT LIABILITIES

Bank guarantees:
As at 31 December 2022, the group has bank guarantees amounted to JD 8,000 (31 December 2021: JD 8,000).

Lawsuits raised by the group:
The group has no outstanding litigations filed against them as at 31 December 2022 (31 December 2021: 12,857JD).

(33) DIVIDENDS DISTRIBUTION

The General Assembly resolved in its extraordinary meeting held on 10 February 2022 to distribute JD 2,000,000 as cash dividends on the shareholders equivalent to 20% of the Company's share capital as at 31 December 2021 (31 December 2021: 2,000,000 JD).

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

	2022	2021
	JD	JD
Profit for the year attribute to shareholders	3,347,093	3,882,210
Weighted average of shares during the year (share)	14,452,055	10,000,000
Basic and diluted earnings per share from profit for the year attribute to shareholders	23%	39%

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

(35) RISK MANAGEMENT

Prices risk

The Group is exposed to risks resulting from changes in share prices within the financial assets portfolio at fair value through income statement. 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
2022		
Amman Stock Exchange	70,476	70,476
2021		
Amman Stock Exchange	59,724	59,724

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.

Currency risk

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

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities such as Overdrafts and Loans.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income of the effect of the possible changes in interest rates, with all other variables held constant as at 31 December 2022 and 2021.

Currency	Change in interest rate	Effect on Profit of the year
	(Point)	*JD*
2022		
JD	100	(551,972)
2021		
JD	100	(582,079)

(35) RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or a damage to the Group's reputation.

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

The table below summarizes the maturities of the Group's financial liabilities at 31 December 2022 and 2021, based on contractual undiscounted payment.

	Less than 12 months	More than 12 months	Total
	JD	JD	JD
2022-			
Trade payables and other current liabilities	1,406,327	-	1,406,327
Lease liabilities	231,964	1,058,207	1,290,171
Banks Overdrafts	6,665,253	-	6,665,253
Loans	18,744,126	34,755,607	53,499,733
Total	27,047,670	35,813,814	62,861,484
2021-			
Trade payables and other current liabilities	1,544,451	-	1,544,451
Lease liabilities	122,032	262,924	384,956
Banks Overdrafts	6,665,253	-	6,665,253
Loans	24,153,792	31,776,697	55,930,489
Total	32,485,528	32,039,621	64,525,149

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group believes that it is not exposed to a large degree of credit risk, as it sets a credit limit for clients, and this is monitored constantly. The Group also maintains balances with leading banking institutions.

(36) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, financial assets at fair value through income statement, financial assets at amortized cost, trade receivables and other current assets. Financial liabilities consist of trade payables, bank overdraft, loans, Lease liabilities and other current liabilities.

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

(37) CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2022 and 2021.

Capital comprises of share capital, statuary reserve and retained earnings amounting to JD 22,968,178 as at 31 December 2022 against JD 21,621,085 as at 31 December 2021.

(38) 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 Group's consolidated financial statements are disclosed below. The Group 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 Group.

(38) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE (continued)

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 2024 and must be applied retrospectively. The Group 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 Group.

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 Group.

Disclosure of Accounting Policies - Amendments to IAS1 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 Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(38) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE (continued)

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

(39) COMPARATIVE FIGURES

Some of the consolidated financial statements figures for the year 2021 have been reclassified to match the classification of the consolidated financial statements figures for the year ending as at 31 December 2022. The reclassification did not result in any impact on the profit and equity for the year 2021.