Rasheed for Integrity & Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Financial Statements and
The Independent Auditor's Report
For the year ended December 31, 2015

Rasheed for Integrity & Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

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Independent Auditor's Report

105180969

To The Shareholders of
Rasheed for Integrity & Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

We have audited the accompanying financial statements of **Rasheed for Integrity & Transparency (Non-Profit-Limited Liability Company)**, which comprise the statement of financial position as at December 31, 2015. and the statement of revenues and expenses, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of **Rasheed for Integrity & Transparency (Non-Profit Limited Liability Company)** as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

- Due from related parties amounted to JD 125 as at December 31, 2015. Which, contradict with the Jordan Companies Law and its amendments number (22) for year 1990.
- The opening balances were audited by another public accountant who issued an unqualified report on April 30, 2015.

طلال أبوغزاله وشركاه الدولية
Talal Abu-Ghazaleh & Co. Intl.

Talal Abu-Ghazaleh & Co. International

Aziz Abdelkader
(License # 867)

Amman, April 11, 2016

Rasheed For Integrity & Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2015

	Notes	2015	2014
ASSETS		JD	JD
Current Assets			
Current accounts at banks		37,070	37,315
Other debit balances	3	8,480	13,758
Accrued revenues	4	51,912	-
Shareholder's receivables	5	125	-
Total Current Assets		**97,587**	**51,073**
Non - Current Assets			
Property and equipment	6	21,864	27,023
TOTAL ASSETS		**119,451**	**78,096**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		-	3,400
Deferred revenues	7	58,656	27,635
Income and Sale Tax deposits		38	-
Due to related parties		-	401
Total Current Liabilties		**58,694**	**31,436**
Equity			
Capital		1,050	1,050
Paid in capital	8	1,050	525
Statutory reserve		1,050	525
Retained surplus		58,657	45,610
Total Equity		**60,757**	**46,660**
TOTAL LIABILITIES AND EQUITY		**119,451**	**78,096**

Rasheed For Integrity & Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Statement of revenues and expenses for the year ended December 31, 2015

	Notes	2015	2014
		JD	JD
Revenues			
Grants	9	129,638	153,891
Other		1,539	4,864
Total revenues		131,177	158,755
Expenses			
Projects		22,236	45,981
Administrative expenses	10	95,369	66,235
Total expenses		117,605	112,216
Surplus		13,572	46,539

Rasheed For Integrity & Transparency
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Statement of changes in equity for the year ended December 31, 2015

	Capital	Statutory reserve	Retained surplus	Total
	JD	JD	JD	JD
Balance as at January 1, 2014	525	-	(404)	121
Surplus	-	-	46,539	46,539
Statutory reserve	-	525	(525)	-
Balance as at December 31, 2014	525	525	45,610	46,660
Payment of capital	525	-	-	525
Surplus	-	-	13,572	13,572
Statutory reserve	-	525	(525)	-
Balance as at December 31, 2015	1,050	1,050	58,657	60,757

Rasheed For Integrity & Transparency
Non-Profit-Limited Liability Company
Amman-The Hashemite Kingdom of Jordan

Statement of cash flows for the year ended December 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	JD	JD
Surplus	13,572	46,539
Adjustment for :		
Depreciation	6,064	3,229
Changes in operating assets and liabilities:		
Other debit balances	5,278	(13,758)
Accrued revenues	(51,912)	-
Deferred revenues	31,021	27,635
Accounts payable	(3,400)	3,400
Other credit balances	38	-
Shareholder's receivables	(125)	-
Related parties	(401)	-
Net cash from operating activities	**135**	**67,045**
Cash Flows from Investing Activities		
Additions on property and equipment	(905)	(30,252)
Net cash from investing activities	**(905)**	**(30,252)**
Cash Flows From Financing Activities		
Payment of capital	525	-
Net cash from Financing Activities	**525**	**-**
Net change in cash and cash equivalents	**(245)**	**36,793**
Cash and cash equivalents - beginning of year	37,315	522
Cash and cash equivalents - end of year	**37,070**	**37,315**

1. Legal status and activities

- The company was established and registered in the Ministry of Industry and Trade as a non-profit limited liability company under number (449) on September 22, 2013.
- The main activity of the company are:
  - Providing training in the field of wise governance and promoting the principles of integrity, transparency, justice and tolerance without an issuance of a certificate.
  - Conducting necessary studies to implement only the company's objectives according to the applicable legislations

2. Basis for preparation of financial statements and significant accountant policies

- <u>Financial statements preparation framework</u>

  The financial statements have been prepared in accordance with International Financial Reporting Standards.

- <u>Measurement bases used in preparing the financial statements</u>

  The financial statements have been prepared on the historical cost basis.

- <u>Functional and presentation currency</u>

  The financial statements have been presented in Jordanian Dinar (JD), which is the functional currency of the entity.

- <u>Using of estimates</u>

  - When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and carrying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
  - Change in estimates shall be recognized in the period of the change, and future periods if the change affects them.
  - For example, estimates may be required for doubtful and bad debts, useful lives of depreciable assets, provisions, any legal cases against the entity.

- <u>Financial instruments</u>

  Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

  - <u>Financial assets</u>

    - A financial asset is any asset that is:
      (a) Cash;
      (b) An equity instrument of another entity;
      (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
      (d) A contract that will or may be settled in the entity's own equity instruments.
    - Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

- All recognized financial assets are subsequently measured either at amortized cost or fair value, on the basis of both:
  (a) The entity's business model for managing the financial assets, and
  (b) The contractual cash flow characteristics of the financial assets.
- A financial asset is measured at amortized cost if both of the following conditions are met:
  (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
  (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- All other financial assets are subsequently measured at fair value.
- A gain or loss on a financial asset that is measured of fair value and is not part of a hedging relationship is recognized in profit or loss unless the financial asset is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.

<u>Cash and cash equivalents</u>

- Cash comprises cash on hand, current accounts and demand deposits with banks.
- Cash equivalents are short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

<u>Trade receivables</u>

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for doubtful receivables which represents the collective impairment of receivables.

<u>Impairment of financial assets</u>

- Financial assets, other than those at Fair value through profit or loss, are assessed for indicators of impairment at the end of each year.
- The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, the amount of the impairment loss shall be recognized as loss.

- <u>Financial liabilities</u>

  - A financial liability is any liability that is:
    (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
    (b) A contract that will or may be settled in the entity's own equity instruments.
  - Financial liabilities are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
  - After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
  - Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

<u>Trade payables and accruals</u>

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- **Property and equipment**

  - Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
  - After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment.
  - The depreciation charge for each period is recognized as expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

Category	Depreciation rate
	%
Computers	25
Furniture and decorations	15
Equipment	15

  - The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
  - The carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
  - On the subsequent derecognition (sale or retirement) of the property, plant and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

- **Impairment of assets**

  - At each statement of financial position date, management reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired.
  - If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
  - An impairment loss is recognized immediately as loss.
  - Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

- **Statutory reserve**

  Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals of the Company's subscribed capital. Such reserve is not available for dividends distribution.

- **Revenue recognition**

  Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

- Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date.
- The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:
  - The amount of revenue can be measured reliably.
  - It is probable that the economic benefits will flow to the entity.
  - The stage of completion at the statement of financial position date can be measured reliably.
  - The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Grants

- Unrestricted grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss in the period in which they become receivable.
- Restricted grants are recognized as income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.
- Grants whose primary condition is that the entity should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.

- Foreign currencies
  - In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.
  - Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

3. Other debit balances

	2015	2014
	JD	JD
Prepaid expenses	8,077	13,758
Petty cash	403	-
Total	8,480	13,758

4. Accrued Revenues

	2015	2014
	JD	JD
Partnership project (TI)	33,526	-
Quality of health services project (FHI 360)	9,617	-
Setting regulations project (FHI360)	8,769	-
Total	51,912	-

5. Partners receivable

Partner Name	2015
	JD
Rajaa Mubarak Abdullah Al-Hiyari	21
Sawsan Wael Mahmoud Gharaibah	21
Salah Tamim Mousa Maaytah	21
Mohammed Yasin Hassan Takruri	21
Walid Hamad Farhan Farhan	21
Usama Mohammad Hasan Al-Azzam	20
Total	125

6. Property and equipment

2015	Computers	Furniture and decorations	Equipment	Total
	JD	JD	JD	JD
Cost				
Beginning of year balance	9,304	11,350	9,598	30,252
Additions	905	-	-	905
End of year balance	10,209	11,350	9,598	31,157
Accumulated depreciation				
Beginning of year balance	1,159	968	1,102	3,229
Depreciation	2,364	1,702	1,998	6,064
End of year balance	3,523	2,670	3,100	9,293
Net	6,686	8,680	6,498	21,864

2014	Computers	Furniture and decorations	Equipment	Total
Cost				
Beginning of year balance	-	-	-	-
Additions	9,304	11,350	9,598	30,252
End of year balance	9,304	11,350	9,598	30,252
Accumulated depreciation				
Beginning of year balance	-	-	-	-
Depreciation	1,159	968	1,102	3,229
End of year balance	1,159	968	1,102	3,229
Net	8,145	10,382	8,496	27,023

7. Deferred revenues

	2015	2014
	JD	JD
Woman's project (DUTCH)	40,828	-
National integrity system (TI)	12,488	20,757
Deferred revenues from granted assets	5,340	6,878
Total	**58,656**	**27,635**

8. Capital

	2015		2014	
	Share	Amount	Share	Amount
	%	JD	%	JD
Osama Mohammed Hassan Azzam	16.66	175	16.66	88
Rajaa Mubarak Abdullah Al-Hiyari	16.66	175	16.66	88
Sawsan Wael Mahmoud Gharaibah	16.66	175	16.66	88
Salah Tamim Mousa Maaytah	16.66	175	16.66	87
Mohammed Yasin Hassan Takruri	16.66	175	16.66	87
Walid Farhan Farhan	16.66	175	16.66	87
Total	100	1,050	100	525

9. Grants

	2015	2014
	JD	JD
Project (TI)	77,857	147,096
National integrity system (TI)	31,510	6,795
Quality health service project (FH/360)	20,271	-
Total	**129,638**	**153,891**

10. Administrative expenses

	2015	2014
	JD	JD
Salaries	53,870	42,779
Rent	13,056	1,067
Social security	7,089	5,932
Depreciation	6,064	3,229
Professional fees	4,726	3,362
Electricity and water	3,721	1,787
Cleaning	3,136	1,807
Medical insurance	1,694	308
Hospitality	808	451
Stationery	560	4,030
Other	330	89
Transportation	198	288
Bank interests and charges	107	125
Maintenance	10	763
Governmental fees	-	218
Total	**95,369**	**66,235**

11. Tax Status

The Company has not finalized the tax status for years 2013 and 2014. According to the opinion of the Company's management the company is not subject to any future liabilities.

12. Risk management

a) Capital risk

Regularly, the capital structure is reviewed and the cost of capital and the risks associated with capital are considered. In addition, capital is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the debt and equity balance.

b) Currency risk

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.

c) Other price risk

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments.
- The entity is not exposed to other price risk.

d) Credit risk

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

e) Liquidity risk

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.
- The following table shows the maturity dates of financial assets and liabilities as of December 31:

	Less than one year	
	2015	2014
	JD	JD
Description		
Financial assets:		
Cash and cash equivalents	37,070	37,315
Other debit balances	403	-
Partners receivable	125	-
Total	37,598	37,315
Financial liabilities:		
Accounts payable	-	3,400
Income and Sales Tax deposits	38	-
Due to related parties	-	401
Total	38	3,801

13. **Standards and Interpretations issued but not yet effective**

Up to the date of these financial statements, the following Standards and Interpretations were issued by the International Accounting Standards Board but not yet effective:

Standard or Interpretation No.	Description	Effective date
IFRS (9) - New	Financial Instruments	Jan 1, 2018 or after
IAS (16 and 38) - Amendments	Clarification of acceptable methods of depreciation and amortisation.	Jan. 1, 2016 or after
IAS (16 and 41) - Amendments	Agriculture - Bearer plants	Jan.1, 2016 or after
IAS (27) - Amendments	Accounting equity method in separate financial statements.	Jan. 1, 2016 or after
IFRS (11) - Amendments	Accounting for acquisition of interests in joint operation.	Jan. 1, 2016 or after
IFRS (14) - New	Regulatory deferral accounts - Applicable for entities which is first time adopter	Jan. 1, 2016 or after
IFRS (15) - New	Revenue from contracts with customers	Jan. 1, 2017 or after
IFRS (10) and IAS (28)	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Jan 1, 2016 or after
IFRS (10), IFRS (12) and IAS (28)	Investment Entities: Applying the Consolidation Exception	Jan 1, 2016 or after

Management anticipates that the adoption of these Standards and Interpretations in current or future periods may not have material impact on the financial statements.