RASHEED FOR INTEGRITY AND TRANSPARENCY LLC

(NON-PROFIT COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2020

Ernst & Young Jordan
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INDEPENDENT AUDITOR'S REPORT
To The Partners of Rasheed for Integrity Transparency
Limited Liability Company (Non-Profit Company)
Amman- Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rasheed for Integrity Transparency Company (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records, which are in agreement with the financial statements.

Amman – Jordan
29 June 2021

Ernst & Young

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2020

	Notes	2020	2019
ASSETS		JD	JD
Non-current assets			
Property and equipment	3	4,182	5,060
Current Assets			
Other debit balances	5	10,744	8,789
Cash on hand and at banks	4	990	25,580
		11,734	34,369
Total Assets		15,916	39,429
NET ASSETS AND LIABILITIES			
Net Assets			
Paid in capital	7	1,925	1,925
Statutory reserve		1,482	1,482
(Deficit) surplus		(9,865)	9,201
Total Net assets		(6,458)	12,608
Current Liabilities			
Accounts payable		1,891	-
Other credit balances		9,156	4,825
Deferred revenues	6	11,327	21,996
		22,374	26,821
Total Net Assets and Liabilities		15,916	39,429

The attached notes from 1 to 14 form part of these financial statements

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		JD	JD
Grants revenues	8	254,839	225,954
Core programs expenses		(172,803)	(132,265)
Non-core programs expenses	9	(103,268)	(97,174)
Other revenues		2,166	4,458
(Deficit) surplus for the year		(19,066)	973
Add: Other comprehensive income items		-	-
Total comprehensive income for the year		(19,066)	973

The attached notes from 1 to 14 form part of these financial statements

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Paid in Capital	Statutory reserve	(Deficit) surplus	Net
	JD	JD	JD	JD
2020-				
Balance as at 1 January	1,925	1,482	9,201	12,608
Total comprehensive income for the year	-	-	(19,066)	(19,066)
Balance as at 31 December	1,925	1,482	(9,865)	(6,458)
2019-				
Balance as at 1 January	1,925	1,385	8,325	11,635
Total comprehensive income for the year	-	-	973	973
Statutory reserve	-	97	(97)	-
Balance as at 31 December	1,925	1,482	9,201	12,608

The attached notes from 1 to 14 form part of these financial statements

RASHEED FOR INTEGRITY AND TRANSPARENCY LLC (NON-PROFIT COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
OPERATING ACTIVITIES		JD	JD
(Deficit) surplus for the year		(19,066)	973
Adjustments -			
Depreciation of property and equipment	3	3,128	3,482
Changes in working capital -			
Other debit balances		(1,955)	8,900
Trade payables		1,891	(6,475)
Other credit balances		4,331	599
Deferred revenues		(10,669)	654
Net cash flows (used in) from operating activities		(22,340)	8,133
INVESTING ACTIVITY			
Purchase of property and equipment	3	(2,250)	(267)
Net cash flow used in investing activity		(2,250)	(267)
Net (decrease) increase in cash and cash equivalents		(24,590)	7,866
Cash and cash equivalents at the beginning of the year		25,580	17,714
Cash and cash equivalents at the end of the year	4	990	25,580

(1) GENERAL

Rasheed for Integrity and Transparency company was established and registered as a non-profit Limited Liability Company under number (449) on 22 September 2013 with a paid-in capital of JD 1,050 divided into 1,050 shares with a par value of JD 1 each. Subsequently the paid in capital was increased to reach JD 1,750 divided into 1,750 shares with a par value of JD 1. The General Assembly of the Company decided at its extraordinary meeting held on 23 July 2018 to approve the increase of the Company's capital by JD 175 through cash paid by a new partner to reach a capital of JD 1,925 divided into 1,925 shares at a par value of JD 1 per share.

The main activities of the Company are:

- Provide training in the field of good governance and promoting the principles of integrity, transparency, justice and tolerance without certificate issuance.
- Conduct necessary studies to implement the Company's objectives according to the applicable legislations.

The Company's address is P.O. Box 852662 Amman 111585 – Hashemite kingdom of Jordan.

The financial statements were approved by the Board of Directors in its meeting on 21 June 2021.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial ReportingStandards (IFRS).

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

The financial statements are presented in Jordanian Dinars, which represents the functional currency of the Company.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2019, except for the adoption of the following amendments effective as of 1 January 2020:

Amendments to IFRS (3): Definition of a Business

The amendment to IFRS (3) Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifiesthat a business can exist without including all of the inputs and processes needed to create outputs.

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

Amendments to IAS (1) and IAS (8): Definition of "Material"

The IASB issued amendments to IAS (1) Presentation of Financial Statements and IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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

Amendments to IFRS (7), IFRS (9)

Interest Rate Benchmark Reform Amendments to IFRS (9) and IFRS (7) includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmarkreform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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

Amendments to IFRS (16) Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS (16) guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

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

(2-3) USE OF ESTIMATES

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

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost when purchased or at fair value at the donation date in case they are donated. When property and equipment are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting fromtheir disposal is included in the statement of comprehensive income.

Depreciation is computed on a straight-line basis over the estimated useful lives using the following rates:

	%
Furniture and fixtures	15
Computers	25
Equipment	20-25

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying amount of property and equipment is reviewed for impairment when events orchanges in circumstances indicates that the carrying amount is not recoverable. When such indications exist and when carrying amount exceeds its recoverable amount, the property and equipment are written down to their recoverable amount and the impairment provision is recognized in the statement of comprehensive income.

Any gain or loss arising on the disposal or retirement of an item of property and equipment which represents the difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income.

Cash and cash equivalents

For the purpose of the preparation of statement of cash flows, cash and cash equivalents consistof cash on hand and cash at banks.

Accounts receivable and other debit balances

Accounts receivable are stated at original invoice amount or expected credit losses in accordance with IFRS (9). The Company applies the simplified approach when calculating expected credit losses. The Company has developed an allocation matrix for provision based on its past credit experience, adjusted according to forward-looking factors for debtors and the economic environment.

Accounts payable and other credit balances

Liabilities are recognized for amounts to be paid in the future for services received whether billedby the supplier or not.

Income tax

As a non-for-profit entity income tax provision was not calculated on the company's result of operation, in accordance with income tax law No.34 of 2014, and its amendments No.38 of 2019.

Revenue and expenses recognition

Revenue from services is recognized in accordance with International Financial Reporting Standards (IFRS 15), when control of the services is transferred to the customer and at the carrying amount that the Company expects to collect for these services. The Company is the main party in the service contracts concluded with the customers and does not operate through agents, since they have control over the service provided to customers.

Grants Revenue

Grants Revenue form unconditional donor pledges is recognized as follows:

- Unconditional pledges that are temporarily restricted by the donor for a specific purpose or timeare restricted for a specific purpose or time are recognized when the pledge is obtained. recognized as a "restricted grant" liability and are recognized as income in the same manner asthe expenses for which the grant is credited.
- Unconditional pledges that are not restricted for a specific purposes or time are recognized when the pledge is obtained.
- The asset and the grant are recorded at fair value as deferred revenue and released to the separate statement of activities over the expected useful life.

Foreign currency

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

Impairment of financial assets

The Company recognizes an expected credit loss for all debt instruments that are not held at fair value through profit or loss. The expected credit losses are based on the differences between contractual cash flows payable in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the contractual terms (if any).

The Company's management calculations the provision based on its historical credit loss experience adjusted for the future factors of debtors and the economic environment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and itsvalue in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired andis written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects currentmarket assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations arecorroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Current versus non-current classification

The Company presents assets and liabilities in separate statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realized or intended to sold or consumed in 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 forat least twelve months after the reporting period

All other assets are classified as non-current.A liability is current when:

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

All other liabilities are classified as non-current.

Fair value

Fair value represents the price received in exchange for financial assets sold, or price paid to settlea sale between market participants at the date of financial statements.

The fair value is measured based on the assumption that the sale of assets or transfer of liabilities facilitated through an active market for financial assets and liabilities respectively.

In case there is no active market, a market best fit for financial assets and liabilities is usedinstead.

The Company needs to acquire opportunities to access the active market or the best fit market.

The Company measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The fair value measurement of non-financial assets considers the ability of market participants to utilize the assets efficiently in order to generate economic benefits, or to sell them to other participants who will utilize them in the best way possible.

The Company uses valuation techniques that are appropriate and commensurate with the circumstances and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable and minimizes the use of inputs that are not directly observed.

The Company uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments:

All assets and liabilities for which fair value is measured or disclosed in the financial statements or have been written off are categories within the fair value hierarchy, described as follows, based on the lowest level input which can be observed indirectly:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair valuemeasurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair valuemeasurement is unobservable.

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

For the disclosure of fair value, the Company classifies assets and liabilities based on their nature, their risk, and the level of fair value measurement.

(3) PROPERTY AND EQUIPMENT

	Furniture and fixtures	Computers	Equipment	Total
	JD	JD	JD	JD
2020 –				
Cost				
Balance at 1 January	12,049	12,802	8,819	33,670
Additions	220	1,729	301	2,250
Balance at 31 December	12,269	14,531	9,120	35,920
Accumulated Depreciation				
Balance at 1 January	9,583	11,972	7,055	28,610
Depreciation	1,786	903	439	3,128
Balance at 31 December	11,369	12,875	7,494	31,738
Net book value at 31 December 2020	900	1,656	1,626	4,182
2019 –				
Cost				
Balance at 1 January	11,891	12,802	8,710	33,403
Additions	158	-	109	267
Balance at 31 December	12,049	12,802	8,819	33,670
Accumulated Depreciation				
Balance at 1 January	7,778	11,051	6,299	25,128
Depreciation	1,805	921	756	3,482
Balance at 31 December	9,583	11,972	7,055	28,610
Net book value at 31 December 2019	2,466	830	1,764	5,060

The cost of fully depreciated property and equipment is JD 21,028 as at 31 December 2020 (2019: JD 16,675)

(4) CASH ON HAND AND AT BANKS

	2020	2019
	JD	JD
Cash on hand	23	14
Cash at banks	967	25,566
	990	25,580

(5) OTHER DEBIT BALANCES

	2020	2019
	JD	JD
Accrued revenue	10,568	3,571
Prepaid expenses	-	5,034
Employees receivables	176	164
Other receivables	-	20
	10,744	8,789

(6) DEFERRED REVENUES

	2020	2019
	JD	JD
Monitoring land governance and land tenor security	8,149	-
Deferred revenues related to granted properties and equipment	1,776	636
Empowering Civil Society and citizen engagement for transparency and accountability	1,402	-
National Advocacy to Advance Jordan’s anti-corruption summit commitments	-	21,360
	11,327	21,996

(7) NET ASSETS

Paid in-capital

The authorized and paid in capital of the Company is JD 1,925 with a par value of JD 1 each (2019: JD 1,925).

Statutory reserve

This amount represents appropriations at 10% of net income during this year before income tax provision that the total amount deducted for this reserve shall not exceed the Company's capital This reserve is not available for distribution to partners.

(8) GRANTS REVENUES

	2020	2019
	JD	JD
Empowering Civil Society and citizen engagement for transparency and accountability	77,463	93,315
Rule of law program	61,795	108,187
Integrity School	59,961	-
National Advocacy to Advance Jordan's anti-corruption summit commitments	40,617	24,452
Governance and leadership skills for youth in the public sector	7,223	-
Monitoring land governance and land tenor security	7,780	-
	254,839	225,954

(9) NON-CORE PROGRAM EXPENSES

	2020	2019
	JD	JD
Salaries wages and related benefits	61,800	55,050
Company's contribution to social security	8,806	7,845
Rent*	10,083	11,000
Professional fees	9,516	10,018
Insurance	4,253	2,683
Depreciation (note 3)	3,128	3,482
Electricity and water	2,414	2,835
Cleaning	879	1,227
Bank charges	718	309
Other expenses	799	994
Stationery and printings	620	877
Hospitality	223	484
Governmental	29	370
	103,268	97,174

* The Company have not implemented IFRS 16 “rent contracts” as their commitment is shortterm with no expectation of a renewal in the next year.

(10) Risk Management

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

The Company is not exposed to interest rate risk on their financial assets and liabilities.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is not highly exposed to credit risk as it does not have any trade receivables as at31 December 2021. The Company seeks to limit its credit risk by dealing with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations under its financial liabilities based on contractual maturity dates. The Company manages liquidity risk by dealing with accredited donors. Financial liabilities are maturing within a year from the date of the financial statements.

Currency Risk

Foreign currency risk is the risk of change the value of financial instruments due to the changes in foreign currency rate.

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Dinar is pegged to a fixed rate with the US dollar ($ 1.41 per dinar), so the impact of currency risk is not material to the financial statements.

(11) CAPITAL MANAGEMENT

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

The Company 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 years ended 31 December 2020 and 2019.

Capital comprises paid in capital, statutory reserve, (Deficit) surplus, and is measured at JD 6,459 as at 31 December 2020 (2019: JD 12,608).

(12) FAIR VALUES OF FINANCIAl INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash on hand and at banks, and some other current assets. Financial liabilities consist of accounts payable, and some other current liabilities.

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

(13) STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS (17) Insurance Contracts

IFRS (17) provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS (4) - Insurance Contracts. The standard 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. The standardgeneral model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS (9) and IFRS (15) on or before the date it first applies IFRS (17).

This standard is not applicable for the Company.

Amendments to IAS (1): Classification of Liabilities as Current or Non-current

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

- what is meant by a right to defer settlement,
- the 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,
- and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS (16)

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

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 useon or after the beginning of the earliest period presented when the entity first applies the amendment.

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS (37)

In May 2020, the IASB issued amendments to IAS (37) to specify which costs an entity needs to include when assessing 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the Company.

IFRS (9) Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The Company will apply the amendments 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.

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

IBOR reform Phase (2)

IBOR reform Phase 2, which will be effective on 1 January 2021, includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the Company’s hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Company to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Company may elect on a hedge by hedge basis to reset the cumulative fairvalue change to zero. The Company may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an establishedbenchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Company reasonably expects the RFR to become separately identifiable within 24 months.

(14) CORONAVIRUS (COVID-19) AND ITS IMPACT ON THE COMPANY

As a result of the continuing impact of the Corona virus (Covid-19) on the global economy and various business sectors, there was no significant impact on the company's financial statements, as the company was able to complete all activities and work related to the training planned during 2020.

The extent and impact of what may result from global and local conditions as a result of the Covid-19 is still unclear and depends on future developments that cannot be predicted reliably at the present time, knowing that these developments may have an impact on future financial results, cash flows, and the financial position of the company, as well as the ability to implement the company projects.