IRBID DISTRICT ELECTRICITY COMPANY

PUBLIC SHAREHOLDING COMPANY

FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Irbid District Electricity Company - Public Shareholding Company
Irbid – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Irbid District Electricity Company - Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 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 *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Revenue recognition (Tariff)

Disclosures on revenue recognition are included in Note 32 to the financial statements.

Key Audit matter	How the key audit matter was addressed in the audit
We identified electricity power sales revenue as a key audit matter due to high volume of sales revenue originated from electricity power sales to subscribers. The significant risks associated with the measurement and accuracy of recognized revenues are related to billing systems and revenue recognition. Total revenues recognized during 2021 amounted to JD 266,690,777.	Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Financial Reporting Standards. In addition to that, we have tested the Company's internal controls over the completeness, measurement and occurrence of revenue recognized including reconciliations between sales and cash receipts and testing the billing system controls. We selected a representative sample of transactions and tested proper revenues recording and recognition. In addition, we selected a sample before and after the cutoff period to check proper recognition. Additionally, we performed substantive analytical procedures for the gross margin and sales revenues on a monthly basis.

2. Provision for Expected Credit Losses

Disclosures on provision for Expected Credit Losses are included in Note 10 to the financial statements.

Key Audit matter	How the key audit matter was addressed in the audit
Judgment is required to assess the appropriate level of provisioning for expected credit losses. The Company has large number of diversified subscribers, households and companies, which increases the risk of collectability for these receivables. The Company implements the simplified approach of the IFRS 9 to estimate Expected Credit Losses (ECL). The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors and the economic environment.	Our audit procedures included the following: - Obtaining from management the calculation of ECL as at year end and reviewing it. - Testing the inputs and other information used in calculating ECL. - Assessing the reasonableness of the ECL calculation prepared by management in compliance with the simplified approach of IFRS 9.

3. Provision for employees' end-of-service indemnity

Disclosures on the provision for end-of-service indemnity are included in Note 15 to the financial statements.

Key Audit matter	How the key audit matter was addressed in the audit
Judgment is required to assess the appropriate level of provisioning for employees' end-of-service indemnity. This area is important to our audit because of the magnitude of the provision amount, the judgment involved and technical expertise required to determine the provision for employees' end-of-service indemnity amount.	Our procedures included, evaluating the actuarial assumptions and valuation methodologies used by management to assess the Company's end-of-service obligations. We also assessed whether the key actuarial assumptions are reasonable including the adequacy of provision for end-of-service indemnity including provision recalculation.

Other information included in The Company's 2021 Annual Report

Other information consists of the information included in The Company's 2021 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains duly organized accounting records, which in all material respects, agree with the attached financial statements, and we recommend the General Assembly to approve them.

For and on behalf of Ernst & Young – Jordan

Waddah Issam Barkawi
License No. 591

Amman – Jordan
17 March 2022

ERNST & YOUNG
Amman - Jordan

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	2021	2020
ASSETS		JD	JD
NON-CURRENT ASSETS -			
Property and equipment	3	131,692,317	129,652,780
Subscribers' and rural fils contributions assets	5	89,417,232	85,774,811
Dispute lawsuits payments	6	46,365	41,358
Right of use assets	4	435,570	536,085
Projects in progress	7	5,015,794	7,017,111
Strategic inventories	9	6,038,970	7,037,427
Deferred tax assets	22	2,271,143	1,819,336
Financial assets at fair value through other comprehensive income	8	286,719	286,719
		235,204,110	232,165,627
CURRENT ASSETS -			
Accounts receivable	10	131,479,367	93,153,859
Other current assets		4,361,287	3,852,066
Inventories	9	4,282,030	3,403,246
Cash and bank balances	11	83,141	1,406,682
		140,205,825	101,815,853
Total Assets		375,409,935	333,981,480
EQUITY AND LIABILITIES			
EQUITY -	12		
Paid-in-capital		10,000,000	8,000,000
Statutory reserve		2,500,000	2,210,264
Voluntary reserve		638,778	638,778
Retained earnings		9,298,282	8,685,775
Total equity		22,437,060	19,534,817
LIABILITIES -			
NON-CURRENT LIABILITIES			
Subscribers' and rural fils contributions liabilities	5	89,417,232	85,774,811
Long-term lease liability	4	333,106	413,306
Advances from subscribers	13	4,948,446	6,001,940
Excess of subscribers' contributions	14	-	78,122
Provision for end-of-service indemnity	15	6,522,723	4,853,868
Long-term loan	16	18,666,670	15,555,560
Subscribers' deposits	17	55,144,284	51,752,452
		175,032,461	164,430,059
CURRENT LIABILITIES			
Accounts payable	18	107,482,523	92,729,780
Current portion from long-term loan	16	-	3,111,110
Accrued expenses		4,169,471	2,228,849
Short-term lease liability	4	124,902	138,139
Other current liabilities	19	9,083,636	6,538,938
Bank overdrafts	11,20	51,611,016	39,682,671
Excess of subscribers' contributions	14	78,122	270,685
Other provisions	21	1,891,688	1,893,659
Income tax provision	22	3,499,056	3,422,773
		177,940,414	150,016,604
Total Liabilities		352,972,875	314,446,663
Total Equity and Liabilities		375,409,935	333,981,480

The attached notes from 1 to 38 form an integral part of these financial statements

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Electricity power sales		266,690,777	252,928,973
Cost of electricity power sales		(217,102,549)	(205,372,663)
Gross profit	24	49,588,228	47,556,310
Other operating revenues, net	25	464,021	2,356,684
General and administrative expenses	26	(25,015,499)	(22,899,109)
Depreciation and amortization	27	(11,423,951)	(10,575,276)
Provision for expected credit losses	10	(1,182,430)	(1,185,147)
Provision for slow moving inventories	9	(788,154)	(199,790)
Operating profit from core activities		11,642,215	15,053,672
Revenue from non-core activities	29	3,313,806	3,200,353
Interest income on late payments		4,529,553	3,752,845
Non-core activities expenses	30	(791,944)	(1,039,986)
Finance costs		(3,486,228)	(3,040,150)
Interest expense on late payments		(4,731,120)	(7,245,581)
Loss from non-core activities		(1,165,933)	(4,372,519)
Profit before income tax		10,476,282	10,681,153
Income tax expense	22	(3,574,039)	(2,925,917)
Profit for the year		6,902,243	7,755,236
Other comprehensive income		-	-
Total comprehensive income for the year		6,902,243	7,755,236
		JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the year	31	0/690	0/776

The attached notes from 1 to 38 form an integral part of these financial statements

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Paid-in-capital	Statutory reserve	Voluntary reserve	Retained earnings	Total equity
	JD	JD	JD	JD	JD
2021 -					
Balance at 1 January 2021	8,000,000	2,210,264	638,778	8,685,775	19,534,817
Total comprehensive income for the year	-	-	-	6,902,243	6,902,243
Transfers to statutory reserve (note 12)	-	289,736	-	(289,736)	-
Capital increase (note 12)	2,000,000	-	-	(2,000,000)	-
Dividends distribution (note 12)	-	-	-	(4,000,000)	(4,000,000)
Balance at 31 December 2021	10,000,000	2,500,000	638,778	9,298,282	22,437,060
2020 -					
Balance at 1 January 2020	8,000,000	2,210,264	638,778	4,530,539	15,379,581
Total comprehensive income for the year	-	-	-	7,755,236	7,755,236
Dividends distribution (note 12)	-	-	-	(3,600,000)	(3,600,000)
Balance at 31 December 2020	8,000,000	2,210,264	638,778	8,685,775	19,534,817

The attached notes from 1 to 38 form an integral part of these financial statements

IRBID DISTRICT ELECTRICITY COMPANY - PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
OPERATING ACTIVITIES		JD	JD
Profit for the year before income tax		10,476,282	10,681,153
Adjustments for:			
Gain on disposal of property and equipment		(20,359)	(34,787)
Interest income		(39)	(68)
Interest income on late payments		(4,529,553)	(3,752,845)
Interest expense		3,486,228	3,040,150
Interest expense on late payments		4,731,120	7,245,581
Provision for end-of- service indemnity		2,654,054	1,000,000
Depreciation and amortization		11,549,291	10,692,315
Right of use assets depreciation		100,515	100,515
Lease liability finance cost		38,563	45,436
Provision for slow moving inventories		788,154	199,790
Provision for expected credit losses		1,182,430	1,185,147
Excess of subscribers' contributions		(270,685)	(270,685)
Other provisions		149,714	441,031
Working capital changes:			
Inventories		793,199	430,342
Accounts receivable		(34,978,385)	47,490,434
Other current assets		(509,221)	223,399
Advances from subscribers		9,184,991	8,526,393
Subscribers' deposits		3,391,832	2,658,078
Accounts payable		10,021,623	(58,297,016)
Accrued expenses and other current liabilities		4,554,420	(1,012,582)
End-of-service indemnity paid		(985,199)	(615,781)
Other provisions paid		(185,019)	(125,383)
Income tax paid		(3,949,563)	(880,158)
Net cash flows from operating activities		17,674,393	28,970,459
INVESTING ACTIVITIES			
Purchase of property and equipment		(13,552,471)	(10,468,340)
Dispute lawsuits payments		(24,364)	(10,764)
Projects in progress		(9,682,828)	(9,316,044)
Proceeds from sale of property and equipment		20,673	39,982
Interest income received		39	68
Net cash flows used in investing activities		(23,238,951)	(19,755,098)
FINANCING ACTIVITIES			
Repayments of long-term loan		-	(3,111,110)
Dividends paid to shareholders		(4,056,604)	(3,956,113)
Interest paid		(3,498,724)	(3,063,959)
Lease liability and finance cost payments		(132,000)	(121,000)
Net cash flows used in financing activities		(7,687,328)	(10,252,182)
Net decrease in cash and cash equivalents		(13,251,886)	(1,036,821)
Cash and cash equivalents at beginning of the year		(38,275,989)	(37,239,168)
Cash and cash equivalents at end of the year	11	(51,527,875)	(38,275,989)

The attached notes from 1 to 38 form an integral part of these financial statements

(1) GENERAL

Irbid District Electricity Company (the "Company") was established in 1957 as a public shareholding company and registered in the Ministry of Industry and Trade under the registration number (17) on 27 February 1964.

During 2008 and under the privatization initiative of the electric sector, the Government of the Hashemite Kingdom of Jordan has resolved to sell its entire ownership of 55.4% in the Company's capital to Kingdom Electricity Company. During 2009, Kingdom Electricity Company sold it's full share in the Company's capital to Electricity Distribution Company Public Shareholding Company.

The main activities of the Company are to distribute electric power and to provide it to retail consumers who live in the north of Jordan (Irbid, Jerash, Ajloun and Mafraq), in accordance with the distribution license granted to the Company on 30 June 2008 which is valid for 25 years from that date.

The General Assembly decided in its extraordinary meeting held on 25 August 2021 to increase the Company's capital by an amount of JD 2,000,000 through the capitalization from retained earnings balance, so that the Company's capital becomes JD 10,000,000. The capital increase procedures were completed at the Companies Control Department on 31 August 2021.

The Company's financial statements are consolidated with the financial statements of Electricity Distribution Company, Public Shareholding Company (Parent Company) and with Social Security Corporation (Ultimate Parent Company).

The financial statements have been approved by the Board of Directors in their meeting held on 16 March 2022. The financial statements require the approval of Company's General Assembly.

(2-1) BASIS OF PREPARATION

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

The financial statements are prepared under the historical cost convention, expect for the financial assets at fair value through other comprehensive income that have been measured at fair value at the date of the financial statements.

The financial statements are presented in Jordanian Dinars ("JD"), which is the functional currency of the Company.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new amendments on the standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

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. 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. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease
Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

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

(2-3) SIGNIFICANT ACCOUNTING POLICES

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Repair and maintenance expenses are recognized in the statement of comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (lands are not depreciated) using annual percentages as follows:

	%
Buildings	2
Hangers	4
Vehicles' parking shade covers	10
Buildings' leasehold improvements	33
Underground cables	3
Air networks	5
Meters and transformers	7
Tools and equipment	20
Vehicles	15
Furniture and fixture	9
Elevators and air conditioners	10
Communication tools	12
Computer equipment and systems	20

Property and equipment are depreciated using the previously mentioned rates after excluding fully depreciated property and equipment.

When the carrying value of any item of property and equipment exceeds the recoverable amount, the assets are written down to their recoverable amount, and the impairment is recognized in the statement of comprehensive income

The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from derecognising of the asset are included in the statement of comprehensive income when the asset is derecognised.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Subscribers' contributions assets and liabilities

These assets are stated separately based on the Energy and Minerals Regulatory Commission ("EMRC") regulations under non-current assets, with a similar contra liability account under non-current liabilities with the same amount.

Subscriber's contributions assets are depreciated on a straight-line basis at 4% annually and the liability is amortized using the same rate as well, thus it does not affect the financial performance of the Company.

Rural fils assets

This item represents the infrastructure assets to distribute electric power to rural areas which are classified as non-current assets, with a similar contra liability account classified as non-current liabilities with the same amount based on EMRC regulations.

Rural fils assets are depreciated on a straight line basis at 4% annually, and the liability is amortized using the same rate as well, thus it does not affect the financial performance of the Company.

Dispute lawsuits payments

This item represents payments made to locals as compensations for damages caused to their properties as a result of passing electrical lines through or any other damages to their properties; this account is amortized at 10% annually based on EMRC regulations.

Projects in progress

Project in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Project in progress are not depreciated until they became available for use.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the statement of comprehensive income and in the statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the statement of comprehensive income and in the statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings.

These assets are not subject to impairment testing and the dividends are recorded in the statement of comprehensive income.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the capital company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Inventories

Inventories are valued at the lower of cost (weighted average costing) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Accounts Receivable

Accounts receivable are stated at original invoice amount less provision for expected credit losses using the simplified approach. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and at banks, net of outstanding bank overdrafts.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Loans

After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are paid, and so on during the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate and finance costs are recognized in the statement of comprehensive income.

End-of-service indemnity provision

End-of-service indemnity provision is recognized when there are commitments on the Company to pay end-of-service indemnity to employees. Company is committed only when there is a separate and detailed plan. Provision is calculated based on the number of employees at the financial statements date and in accordance with the internal policies and IAS 19. This provision is recorded on the basis of the present value of estimated cash flows using an interest rate that represents the interest rates on government bonds.

Accounts payable and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, or whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Income taxes and deferred taxes

Income tax provision is calculated in accordance with the Income Tax Law No. (38) for the year 2018 and in accordance with International Accounting Standard (IAS 12) which states that the deferred taxes resulting from the differences between the accounting and tax value of assets and liabilities, and their carrying amounts to be recorded in the statement of comprehensive income.

Deferred tax is provided on temporary differences at each reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Revenue recognition

Revenue is recognized in accordance with IFRS 15, which includes the 5-steps approach where power sales revenues are recognized when power are consumed by customers and reliably measured.

Revenues are recognized upon rendering services and issuance of invoice.

Revenues and expenses from rural fils projects are recognized in the same year the projects are completed.

Revenue form excess of subscriber’s payment on completed projects is recognized on straight line basis using annual rate of 4% and its included as other revenues and revenues from non-core activities.

Other revenues are recognized on accrual basis.

Expenses are recognized on accrual basis.

Leases

Company as a lessee -

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines 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 reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company 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 to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Company as a lessor -

Operating lease revenue from investment properties are recognized as other income in the statement of comprehensive income on a straight- line basis over the lease term.

Foreign currencies

Foreign currency transactions recorded at the rate applicable on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the statement of financial position date. All differences are recognized on the statement of comprehensive income.

Segments information

For the purpose of reporting to management and the decision makers in the Company, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but are disclosed when an inflow of economic benefit is possible.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment of financial assets

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

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

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, 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

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

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

The Company classifies all other liabilities as non-current.

Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares.

(2-4) SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

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 provisions as well as fair value changes reported in equity. 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 necessarily 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.

Significant accounting judgment, estimates and assumptions used in the financial statements are as follow:

- Allowance for expected credit loss on receivables is reviewed in accordance with the simplified approach and under the principles and assumptions approved by the Company's management to estimate the allowance amount in accordance with IFRS requirements.

- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IFRS. Deferred tax assets and liabilities and income tax provision is calculated accordingly.

- The management periodically reviews the useful lives of property and equipment in order to calculate the annual deprecation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly. Any impairment losses of property and equipment are recognized in the statement of comprehensive income.

- Management derecognises property and equipment based on estimating the net book value of disposed assets.

- Provision for slow moving items is recognized for inventory items that are not expected to be used for more than two years.

- End of services indemnity is calculated based on the Company’s internal policies and actuarial studies.

- A provision will be established against court litigations where the Company is the defendant based on a legal study provided by the Company’s legal advisor which will determine the risk that may occur. These studies are reviewed periodically and the provision is adjusted accordingly.

(3) PROPERTY AND EQUIPMENT

	Land	Buildings	Hangers	Vehicles' parking shade covers	Buildings improvements	Underground cables	Air networks	Meters and transformers	Tools and equipment	Vehicles	Furniture and fixtures	Elevators and air conditioners	Communication tools	Computer equipment and systems	Total
2021	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -															
At 1 January	638,309	2,423,236	151,825	18,133	279,982	28,579,829	107,671,355	57,655,491	6,224,444	8,825,288	856,851	171,456	7,093,927	7,144,373	227,734,499
Additions	-	-	175	150	40,919	626,871	7,209,735	5,084,013	282,542	13,369	48,581	2,131	13,955	230,030	13,552,471
Transfers from projects in progress (note7)	-	-	-	-	52,121	92,373	625,100	696,933	-	-	4,157	3,835	-	4,475	1,478,994
Disposals	-	-	-	-	-	(134,053)	(1,226,133)	(1,473,198)	(135,527)	(3,300)	(13,555)	(4,189)	(570)	(34,623)	(3,025,148)
At 31 December	638,309	2,423,236	152,000	18,283	373,022	29,165,020	114,280,057	61,963,239	6,371,459	8,835,357	896,034	173,233	7,107,312	7,344,255	239,740,816
Accumulated depreciation -															
At 1 January	-	1,002,612	59,496	9,961	249,502	5,292,643	48,811,255	23,005,625	5,634,068	6,426,580	628,664	115,738	586,647	6,258,928	98,081,719
Charge for the year	-	46,497	4,695	1,566	30,873	797,345	4,477,203	3,550,952	351,130	852,236	53,203	13,348	839,515	511,371	11,529,934
Disposals	-	-	-	-	-	(35,858)	(616,510)	(745,661)	(117,116)	(832)	(8,196)	(3,856)	(502)	(34,623)	(1,563,154)
At 31 December	-	1,049,109	64,191	11,527	280,375	6,054,130	52,671,948	25,810,916	5,868,082	7,277,984	673,671	125,230	1,425,660	6,735,676	108,048,499
Net book value -															
At 31 December	638,309	1,374,127	87,809	6,756	92,647	23,110,890	61,608,109	36,152,323	503,377	1,557,373	222,363	48,003	5,681,652	608,579	131,692,317

The cost of fully depreciated property and equipment as at 31 December 2021 amounted to JD 46,985,905 (2020: JD 42,215,496).

	Land	Buildings	Hangers	Vehicles' parking shade covers	Buildings improvements	Underground cables	Air networks	Meters and transformers	Tools and equipment	Vehicles	Furniture and fixtures	Elevators and air conditioners	Communication tools	Computer equipment and systems	Total
2020	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -															
At 1 January	638,309	2,423,236	151,825	17,079	258,831	27,812,154	102,664,271	53,797,191	6,231,725	8,820,583	856,165	165,983	308,236	7,028,346	211,173,934
Additions	-	-	-	1,054	21,151	600,075	4,976,141	4,371,436	148,104	4,705	13,572	10,380	78,623	243,099	10,468,340
Transfers from projects in progress (note7)	-	-	-	-	-	514,702	556,222	558,286	-	-	-	-	6,708,766	2,448	8,340,424
Disposals	-	-	-	-	-	(347,102)	(525,279)	(1,071,422)	(155,385)	-	(12,886)	(4,907)	(1,698)	(129,520)	(2,248,199)
At 31 December	638,309	2,423,236	151,825	18,133	279,982	28,579,829	107,671,355	57,655,491	6,224,444	8,825,288	856,851	171,456	7,093,927	7,144,373	227,734,499
Accumulated depreciation -															
At 1 January	-	954,935	54,803	8,440	230,290	4,585,024	44,779,340	20,281,068	5,373,606	5,540,981	582,939	102,368	232,147	5,795,966	88,521,907
Charge for the year	-	47,677	4,693	1,521	19,212	768,659	4,259,656	3,271,363	401,012	885,599	54,753	14,282	355,943	585,650	10,670,020
Disposals	-	-	-	-	-	(61,040)	(227,741)	(546,806)	(140,550)	-	(9,028)	(912)	(1,443)	(122,688)	(1,110,208)
At 31 December	-	1,002,612	59,496	9,961	249,502	5,292,643	48,811,255	23,005,625	5,634,068	6,426,580	628,664	115,738	586,647	6,258,928	98,081,719
Net book value -															
At 31 December	638,309	1,420,624	92,329	8,172	30,480	23,287,186	58,860,100	34,649,866	590,376	2,398,708	228,187	55,718	6,507,280	885,445	129,652,780

(4) RIGHT OF USE ASSETS AND LEASE LIABILITIES

This item represents the right to use leased assets resulting from the lease contract of the Company's building which expires in 2026. The lease contract liabilities are discounted using the rate 8%.

Set out below, are the carrying amounts of the Company’s right of use assets and lease liabilities and the movements during the year:

	Right of use assets	Lease Liabilities*
	JD	JD
At 1 January 2021	536,085	551,445
Depreciation	(100,515)	-
Finance costs	-	38,563
Lease payments	-	(132,000)
At 31 December 2021	435,570	458,008

	Right of use assets	Lease Liabilities*
	JD	JD
At 1 January 2020	636,600	627,009
Depreciation	(100,515)	-
Finance costs	-	45,436
Lease payments	-	(121,000)
At 31 December 2020	536,085	551,445

* Lease liabilities details as at 31 December are as follows:

	Short term	Long term	Total
	JD	JD	JD
2021	124,902	333,106	458,008
2020	138,139	413,306	551,445

The Company recognised rent expense from short-term leases and of low-value assets of JD 1,144,345 for the year ended 31 December 2021 (2020: JD 858,517).

(5) SUBSCRIBERS' AND RURAL FILS CONTRIBUTION ASSETS

	2021	2020
	JD	JD
Cost -		
At 1 January	160,280,465	148,246,258
Transfers from projects in progress (note 7)	10,238,485	12,034,207
At 31 December	170,518,950	160,280,465
Accumulated depreciation -		
At 1 January	74,505,654	68,428,427
Depreciation for the year (note 27)	6,596,064	6,077,227
At 31 December	81,101,718	74,505,654
Net book value -		
At 31 December	89,417,232	85,774,811

Subscribers' and rural fils contributions assets are depreciated at 4% annually, subscribers and rural fils contributions liabilities are amortized at the same rate as well, accordingly there is no effect on the financial performance of the Company. Details of subscribers and rural fils contributions liabilities are as follow:

	2021	2020
	JD	JD
Subscribers' contributions liabilities	59,706,409	56,866,590
Rural fils contributions liabilities	29,710,823	28,908,221
	89,417,232	85,774,811

(6) DISPUTE LAWSUITS PAYMENTS

	2021	2020
	JD	JD
Cost -		
At 1 January	1,404,644	1,393,880
Additions	24,364	10,764
At 31 December	1,429,008	1,404,644
Accumulated amortization -		
At 1 January	1,363,286	1,340,991
Amortization for the year	19,357	22,295
At 31 December	1,382,643	1,363,286
Net book value -		
At 31 December	46,365	41,358

(7) PROJECTS IN PROGRESS

The following represent projects in progress and payments made to contractors:

	2021	2020
	JD	JD
Self-funded projects	1,995,958	2,626,998
Subscribers contributions projects	1,900,088	3,150,518
Rural fils contributions projects	1,119,748	1,239,595
	5,015,794	7,017,111

Movement on the projects in progress is as follows:

	2021	2020
	JD	JD
Beginning balance	7,017,111	18,064,517
Additions during the year	3,117,444	3,754,160
Capitalized expenses (note 26)	6,598,718	5,573,065
Transferred to property and equipment (note 3)	(1,478,994)	(8,340,424)
Transferred to subscribers and rural fils contributions assets (note 5)	(10,238,485)	(12,034,207)
Balance at year end	5,015,794	7,017,111

The estimated cost to complete the above projects is JD 4,200,885 as at 31 December 2021. The projects are expected to be completed during 2022.

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item represents the Company's ownership in the following Company:

	Ownership percentage	2021	2020
	%	JD	JD
Unquoted shares- Jordan			
Electrical Equipment Industries Company LLC	11.47	286,719	286,719

(9) INVENTORIES

	2021	2020
	JD	JD
Medium and low-pressure electrical tools and subscribers' accessories	8,831,986	9,042,290
Tools and cars' spare parts warehouse	258,060	336,570
Stationery, furniture and computers equipment warehouse	61,092	21,530
Spare parts warehouse	25,216	22,059
Returned materials warehouse	3,866,912	2,985,998
	13,043,266	12,408,447
Less: allowance for slow moving inventories	(2,793,016)	(2,004,862)
	10,250,250	10,403,585
Add: letter of credit and tenders' expenses	70,750	37,088
	10,321,000	10,440,673
Strategic inventories	6,038,970	7,037,427
Inventories	4,282,030	3,403,246
	10,321,000	10,440,673

Strategic inventories include medium and low-pressure electrical tools and subscribers' accessories that are used in the Company's projects, maintenance and replacements works.

Movement on the allowance for slow moving inventories is as follows:

	2021	2020
	JD	JD
Beginning balance	2,004,862	1,805,072
Provision for the year	788,154	199,790
Ending balance	2,793,016	2,004,862

(10) ACCOUNTS RECEIVABLE

	2021	2020
	JD	JD
Normal subscribers' receivables – Housing	31,321,053	31,899,388
Governmental departments and normal non-housing subscribers' receivables	12,812,912	9,152,186
Employees subscribers' receivables – Housing	40,970	44,473
Commercial sector subscribers' receivables	8,430,870	7,853,014
Temporary meters subscribers' receivables	227,722	204,042
Telecommunication sector subscribers' receivables	950,081	1,206,279
Banking sector subscribers' receivables	149,708	72,426
Television sector subscribers' receivables	14,654	14,217
Hotels sector subscribers' receivables	9,013	4,686
Industrial sector subscribers' receivables / Small	1,190,092	1,292,841
Industrial sector subscribers' receivables / Medium	3,904,377	3,261,955
Water authority subscribers' receivables	42,390,869	20,013,074
Agricultural sector subscribers' receivables	2,772,362	2,602,601
Street lighting sector receivables	12,398,756	8,098,798
Agricultural / Commercial sector subscribers' receivables	143,909	132,030
Army departments subscribers' receivables	9,382,575	4,955,280
Agricultural / Trio tariff subscribers' receivables	1,895,077	1,638,864
Electric charging cars subscribers' receivables	12,093	4,056
Private hospitals subscribers' receivables	45,484	40,879
Total receivables of subscribers	128,092,577	92,491,089
Late interest receivables	10,132,732	6,534,777
Other receivables	162,161	204,138
Governmental – other lighting projects	928,742	595,350
Employee receivables	664,549	647,469
	139,980,761	100,472,823
Less: expected credit losses provision	(8,501,394)	(7,318,964)
	131,479,367	93,153,859

* The delay interest charge is 1% per month and 9% per annum maximum on subscribers for power electricity sold and not collected within 30 days, in accordance with electricity tariff system.

Movement on the expected credit losses provision is as follows:

	2021	2020
	JD	JD
Beginning balance	7,318,964	6,133,817
Provision for the year	1,182,430	1,185,147
	8,501,394	7,318,964

As at 31 December, the aging of unimpaired accounts receivable is as follows:

	Not past due	1 – 60 days	61 – 90 days	> 90 days	Total
	JD	JD	JD	JD	JD
2021	35,268,295	10,869,512	7,614,165	77,367,395	131,479,367
2020	31,644,748	11,565,145	8,268,817	41,675,149	93,153,859

(11) CASH AND BANK BALANCES

Cash and bank balances included in the statement of financial position comprise of the following:

	2021	2020
	JD	JD
Cash on hand	12,000	19,041
Banks accounts	71,141	1,387,641
	83,141	1,406,682

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

	2021	2020
	JD	JD
Cash on hand and at banks	83,141	1,406,682
Bank overdrafts (note 20)	(51,611,016)	(39,682,671)
	(51,527,875)	(38,275,989)

(12) EQUITY

Paid-in capital -

The Company's authorized, subscribed and paid-in share capital is 10,000,000 shares at 1 JD par value per share as of 31 December 2021.

The General Assembly decided in its extraordinary meeting held on 25 August 2021 to increase the Company's capital by an amount of JD 2,000,000 by capitalizing the increase amount from retained earnings balance, so that the Company's capital reaches JD 10,000,000. The capital increase procedures were completed at the Companies Control Department on 31 August 2021.

Statutory reserve -

As required by the Jordanian Companies Law, 10% of the annual profit before taxation is to be transferred to statutory reserve. The reserve is not available for distribution to shareholders. The Company may stop this transfer to statutory reserve when its balance reaches 25% of its paid in capital.

Voluntary reserve -

This account represents cumulative appropriations not exceeding 20% of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

Dividends -

The General Assembly approved in its ordinary meeting held on 25 April 2021, to distribute an amount of JD 4,000,000 as dividends to shareholders for the profits of 2020 representing 50% of the Company's share capital on the meeting date.

The General Assembly approved in its ordinary meeting held on 4 June 2020, to distribute an amount of JD 3,600,000 as dividends to shareholders for the profits of 2019 representing 45% of the Company's share capital on the meeting date.

(13) ADVANCES FROM SUBSCRIBERS

This item represents advances received from subscribers' contributions projects. Upon completion of these projects, the Company settles these advances into subscribers' contributions and liabilities subscribers' contributions.

(14) EXCESS OF SUBSCRIBERS CONTRIBUTIONS

This item represents the difference between the amount received from subscribers' contributions and the actual costs incurred to complete these projects. The Company amortizes this amount at 4% per annum.

(15) PROVISION FOR END- OF- SERVICE INDEMNITY

This item represents the Company employees' end of service indemnity entitlement. The Company calculates the end-of-service indemnity provision as at 31 December based on the total gross salaries paid times the number of years of service deducting the Company's social security contribution up to 8%. In addition, the Company calculates a provision of five additional salaries for employees with more than 15 years of service.

Movement on the provision for end-of-service indemnity is as follows:

	2021	2020
	JD	JD
Beginning balance	4,853,868	4,469,649
Charge for the year	2,654,054	1,000,000
Paid during the year	(985,199)	(615,781)
Ending balance	6,522,723	4,853,868

End-of-service charge for the year details are as follows:

	2021	2020
	JD	JD
Interest on obligation	1,181,935	445,332
Current service costs	1,472,119	554,668
Expense for the year	2,654,054	1,000,000

End-of-service charge for the year is allocated as follows:

	2021	2020
	JD	JD
General and administrative expenses	2,030,663	771,953
Capitalized on projects in progress	623,391	228,047
	2,654,054	1,000,000

The actuarial basic assumptions used to determine end-of-service are as follow:

	2021	2020
Discount rate	5%	5.15%
Mortality rate	0.18%	0.18%
Annual salaries increase rate	7%	4%
Resignation rate	2%	1%
Company's contribution to social security deducted from employees' end of service indemnity	8%	8%

* The following table demonstrates the sensitivity of end-of-service as at 31 December to possible changes by 1% in discount rate, salaries increase rate, and resignation rate:

Increase in rate by 1 %	Effect on end-of-service benefits 2021 JD
Discount rate	(506,461)
Salaries increase rate	771,103
Resignation	(84,338)

Decrease In rate by 1 %	Effect on end-of-service benefits 2021 JD
Discount rate	604,630
Salaries increase rate	(77,103)
Resignation	84,338

(16) LONG-TERM LOAN

During May 2015, the Company signed a loan agreement with Jordan Kuwait Bank amounting to JD 28,000,000 including a grace period of three years from the date of first withdrawal for the purpose of financing the Company's working capital projects and its operations. The entire loan was utilized during 2015. The loan is repayable over 18 semi-annual instalments of JD 1,555,555 each. The loan bears an interest rate similar to interest rate applicable on the Central Bank of Jordan deposits plus 2.65% margin ratio with a minimum gross interest rate of 5.3% per annum.

During 2021, the Company signed a loan restructuring agreement whereby the Company was given a grace period of three years for instalments only without interest starting from 17 January 2021. The loan is repayable over 12 semi-annual instalments of JD 1,555,555 each, except for the last instalment of JD 1,555,565, whereby the first instalment will be due on 3 December 2023. A fixed rate interest of 5% per annum was applied for the first year, which was later adjusted to become 4.8% starting from 5 December 2021, after which a variable interest rate similar to the interest rate applicable on the Central Bank of Jordan deposits plus 2.65% margin ratio shall be applied starting from 17 January 2022, with a minimum gross interest rate of 4.8% per annum.

The aggregate amounts and maturities of the term loan instalments are as follows:

Year	Amount JD
2023	1,555,555
2024	3,111,110
2025	3,111,110
2026-2029	10,888,895
	18,666,670

(17) SUBSCRIBERS' DEPOSITS

This item represents the amount received from subscribers as cash deposits for electricity power supply based on EMRC instructions.

(18) ACCOUNTS PAYABLE

	2021	2020
	JD	JD
National Electricity Power Company – energy purchases	79,283,857	60,441,879
National Electricity Power Company – interest on late payments	6,785,916	13,943,657
Al Badya for Energy Company- renewable energy purchases	589,288	594,250
National Electricity Power Company – fuel price differences	767,975	727,800
Green Sources Company – renewable energy purchases	154,330	159,720
Suppliers' payables	9,454,691	8,003,587
Municipalities – garbage fees	5,139,941	5,064,072
Ministry of Finance – television fees	2,668,925	2,012,240
Rural fils	2,281,869	1,713,167
Others	355,731	69,408
	107,482,523	92,729,780

(19) OTHER CURRENT LIABILITIES

	2021	2020
	JD	JD
Deposits – subscription requests	34,829	31,307
Deposits – renewable energy connections	366,406	315,055
Advances from customers – connection fees	35,723	36,151
General deposits	2,169,164	328,262
Subscribers deposits	1,450,291	1,235,439
Post offices deposits	1,645	1,645
Governmental deposits – projects	71,455	84,518
Due to Sales Tax Department	47,762	77,501
Board of Directors' remuneration	55,000	55,000
Health insurance fund payables	3,540,344	3,101,552
Contractors retentions	270,539	308,959
Dividends payable	716,412	773,016
Damaged inventories deposits	460	460
Others	323,606	190,073
	9,083,636	6,538,938

(20) BANKS OVERDRAFTS

This item represents the credit facilities granted to the Company from local banks with a ceiling of JD 74,600,000, bearing an average interest rate of 4.78% per annum (2020: 5.14%) (note 11).

(21) OTHER PROVISIONS

Provisions included in the statement of financial position consist of the following:

	2021				2020
	Employees vacations	Social Services	Lawsuits	Total	Total
	JD	JD	JD	JD	JD
Beginning balance	1,081,405	9,245	803,009	1,893,659	1,566,830
Charge for the year*	164,273	18,775	-	183,048	452,212
Paid during the year	(75,793)	(26,251)	(82,975)	(185,019)	(125,383)
Ending balance	1,169,885	1,769	720,034	1,891,688	1,893,659

* The charge for the year includes capitalized expenses amounted to JD 33,334 (2020: JD 11,181).

(22) INCOME TAX PROVISION

Deferred tax assets-

This item represents deferred tax assets resulting from temporary differences between taxable profit and accounting profit as a result of provision for end of service indemnity and other provisions.

Below are the details this item:

	2021				31 December	
	Amounts				2021	2020
	Balance at the beginning of the year	Amounts Released	Amounts Added	Balance at the end of the year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for end of service indemnity	4,853,868	(985,199)	2,654,054	6,522,723	1,760,865	1,310,544
Provision for employees' vacations	1,081,405	(75,793)	164,273	1,169,885	315,869	291,979
Provision for lawsuits against the Company	803,009	(82,975)	-	720,034	194,409	216,813
	6,738,282	(1,143,967)	2,818,327	8,412,642	2,271,143	1,819,336

Movement on deferred tax assets is as follows:

	2021	2020
	JD	JD
Beginning balance	1,819,336	1,612,523
Change during the year	451,807	206,813
Ending balance	2,271,143	1,819,336

Income tax provision -

Movement on income tax provision is as follows:

	2021	2020
	JD	JD
Beginning balance	3,422,773	1,170,201
Income tax for the year	4,025,846	3,407,730
Recoveries of prior years' income tax	-	(275,000)
Income tax paid	(3,949,563)	(880,158)
Ending balance	3,499,056	3,422,773

Current year income taxes shown in the statement of comprehensive consist of the following:

	2021	2020
	JD	JD
Current year income tax	4,025,846	3,407,730
Additions to deferred tax assets	(451,807)	(206,813)
Recoveries of prior years' income tax	-	(275,000)
	3,574,039	2,925,917

Below is the income tax expense details included in the statement of comprehensive income and the reconciliation between the accounting profit and taxable profit:

	2021	2020
	JD	JD
Accounting profit before tax	10,476,282	10,681,153
Non-taxable revenues	(1,414,652)	(939,396)
Non-deductible expenses	5,848,911	2,879,465
Taxable profit	14,910,541	12,621,222
Income tax for the year	4,025,846	3,407,730
Deferred tax during the year	(451,807)	(206,813)
Recoveries of prior years' income tax	-	(275,000)
Income tax for the year	3,574,039	2,925,917
Statutory income tax rate	27%	27%
Effective income tax rate	34.12%	27,39%

Income tax provision was calculated for the years ended 31 December 2021 and 2020 in accordance with the Income Tax Law No. (34) for the year 2014 and its amendments. The Company is subject to a statutory income tax rate of 24% in addition to a 3% National Contribution tax in accordance with Income Tax Law No. (34) of 2014 and its amendments.

The Company obtained a final clearance from the Income and Sales Tax Department up to the year 2018. The income tax return for the years 2019 and 2020 is not yet audited by the Income and Sales tax Department up to the date of these financial statements.

(23) RELATED PARTIES

Related parties represent major shareholders, Parent Company, Board of Directors, key management personnel of the Company and companies where the Company is a major shareholder. Such pricing policies and transactions' terms are approved by the Company's management.

Related parties transactions included in the statement of financial position are as follow:

	2021	2020
	JD	JD
Amounts due from Electrical Equipment Industries Company LLC (Sister Company)	8,383	6,213
Amounts due from Electricity Distribution Company – Public Shareholding Company (Parent Company)	21,967	-
	30,350	6,213
Amounts due to Electricity Distribution Company – Public Shareholding Company (Parent Company)	-	250,644
	-	250,644

Below is a summary of related parties transactions:

	2021	2020
Purchases from Electricity Distribution Company – Public Shareholding Company (Parent Company)	931,022	766,746
Purchases from Electrical Equipment Industries Company (Sister Company)	145,308	233,615

Salaries and other benefits for key management personnel of the Company are as follow:

	2021	2020
	JD	JD
Salaries and benefits	522,778	538,508

Transactions with related parties included in the statement of comprehensive income are as follow:

	2021	2020
	JD	JD
Transportation and remuneration of Board of Directors	301,000	301,000

(24) GROSS PROFIT

Electricity power sales revenues represent sales to all subscribers and cost of electricity power sales represents the cost of electricity power purchases from National Electricity Power Company and renewable energy resources.

Sales tariff is determined by the EMRC, the tariff for all water pumps sector has been decreased starting from August 2021.

Electricity power is purchased from National Electricity Power Company and purchase tariff is determined by the EMRC, the tariff has been increased from January up to December 2021 compared to the average tariff in 2020.

(25) OTHER OPERATING REVENUES, NET

	2021	2020
	JD	JD
Subscribers' connection fees	989,500	1,144,448
Municipalities connection fees	2,417	5,077
Meters fees	1,589,102	1,530,154
Miscellaneous fees	551,415	422,608
Workshops fees	42,089	47,422
Net losses from rural fils projects	(1,215,088)	(974,909)
Net losses from subscribers' contributions projects	(2,146,800)	(312,154)
Electricity reconnection fees	593,053	431,256
Meters' replacement fees	55,210	59,616
Others	3,123	3,166
	464,021	2,356,684

(26) ADMINISTRATIVE EXPENSES

	2021	2020
	JD	JD
Salaries and related benefits	20,585,505	19,217,601
Employees' benefits	1,806,684	1,703,712
End-of-service indemnity	2,654,054	1,000,000
Employees vacations	164,273	54,855
Maintenance expenses	465,415	424,563
Vehicles rent expense	1,047,218	781,396
Stationery, printing and advertising	410,894	317,538
Stamps	399,570	458,321
Compensations, legal fees and consultations	354,493	778,657
Connection expenses	642,833	518,112
Insurance expenses	338,847	436,312
Vehicles' expense	573,756	493,176
Postage and telephone expenses	151,474	155,227
Board of Directors remuneration and transportations	39,600	39,600
Security and cleaning expenses	514,679	493,353
Electricity, water and heating	142,594	172,880
Professional fees	21,114	20,260
Subscriptions, conferences and seminars	15,585	24,097
License and governmental fees	64,718	32,996
Distribution license fee	327,437	283,676
Rent	97,127	77,121
Computers expenses	99,097	56,496
Hospitality expenses	23,809	12,260
Employee meals	13,616	1,103
Collection commission- post offices	425,373	366,777
Social activities and donations	8,213	15,155
Depreciation of right of use assets (note 4)	100,515	100,515
Financing costs – Lease contracts liabilities (note 4)	38,563	45,436
Lawsuits' provision	-	379,673
Others	383,244	280,064
	31,910,300	28,740,932
Less: Capitalization of salaries and related benefits	(5,075,599)	(4,655,612)
Capitalization of-end-of service indemnity	(623,391)	(228,047)
Capitalization of administrative expenses	(866,394)	(678,225)
Capitalization of employees' vacation expenses	(33,334)	(11,181)
Total capitalized expenses on project in progress*	(6,598,718)	(5,573,065)
Transfers to cost of non-core activities	(296,083)	(268,758)
	25,015,499	22,899,109

* These expenses are capitalized projects in progress according to approved rates in the Merkadus System.

(27) DEPRECIATION AND AMORTIZATION

Details of depreciation and amortization included in the statement of comprehensive income are as follow:

	2021	2020
	JD	JD
Property and equipment deprecation (note 3)	11,529,934	10,670,020
Lawsuits' payments amortization (note 6)	19,357	22,295
Depreciation of subscribers and rural fils contributions assets (note 5)	6,596,064	6,077,227
Less: amortization of subscribers and rural fils contributions liabilities	(6,596,064)	(6,077,227)
Depreciation and amortization	11,549,291	10,692,315

The depreciation and amortization are allocated as follows:

	2021	2020
	JD	JD
Depreciation and amortization in the statement of comprehensive income	11,423,951	10,575,276
Depreciation of non-core activities	125,340	117,039
	11,549,291	10,692,315

(28) PROFIT FROM CORE ACTIVITIES

According to the distribution and supplies license granted to the Company on 30 June 2008 from Energy and Mineral Regulatory Commission (EMRC), the annual return from core activities before tax is determined based on the Regulatory Asset Base set by EMRC. The Company computed the annual return for the core activities which resulted in a deficit from the annual return as determined in the license by JD 3,435,847 for the year 2021, as a result, the net cumulative amount up to the end of 2021 became a deficit of JD 15,471,745 taking into consideration that no incentive or fine was calculated for the power loss rate for the year 2020 as this percentage has not been approved by the EMRC up to the date of financial statements. Accordingly, this deficit will be recovered by determining the tariff for the upcoming tariff period as per the tariff determination methodology stated in the license; additionally, the deficit amount is subject to EMRC revision and amendment as mentioned in the license.

(29) REVENUE FROM NON–CORE ACTIVITIES

	2021	2020
	JD	JD
Television fees collection revenue	337,798	328,298
Garbage fees collection revenue	1,700,225	1,662,567
Street lighting maintenance revenue	41,551	29,076
Compensations' revenue	215,882	230,916
Buildings lease revenue	1,024	1,024
Tenders' revenue	30,495	16,060
Late payments penalties revenue	116,549	43,002
Proceeds from sale of damaged goods (property and equipment)	20,673	37,610
Electricity poles rental revenue	207,900	210,489
Late postal deposit interest revenue	45,757	34,175
Foreign currency exchange gains	3,503	728
Revenue from amortization of deferred revenues until 2 July 2008	270,685	270,685
Revenue from renewable energy sources consulting	313,373	270,429
Other revenues	8,391	65,294
	3,313,806	3,200,353

(30) NON–CORE ACTIVITIES EXPENSES

	2021	2020
	JD	JD
Loss on sale of property and equipment	314	2,199
Maintenance of streetlights	9,820	9,723
Cost of damaged goods sales (property and equipment)	-	2,996
Donations	42,725	264,099
Foreign currency exchange losses	1,932	6,079
Board of Directors remuneration	261,400	261,400
Incentives for non-core activities	49,736	90,000
Others	4,594	17,692
	370,521	654,188
Add: non-core activities share of common expenses	296,083	268,759
non-core activities share of depreciation expense	125,340	117,039
	791,944	1,039,986

(31) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT FOR THE YEAR

	2021	2020
Profit for the year (JD)	6,902,243	7,755,236
Weighted average number of shares (share)	10,000,000	10,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the year	0/690	0/776

The basic and diluted earnings per share are equal.

(32) SEGMENT INFORMATION

The presentation of major segments was determined based on risk and benefits associated with the Company which are directly related to the services of these segments. These segments are organized and managed separately according to the nature of its services, so that each one of them represent a separate unit, which is measured based on the reports used by the chief executive officer and the chief decision maker for the Company.

The Company is organized for administrations purposes through the following business segments based on the power sales:

	2021	2020
	JD	JD
Normal subscribers' sales – Housing	101,356,749	99,700,011
Government departments and normal non-housing subscribers'' sales	22,458,848	20,763,302
Normal subscribers' sales – Employee housing	246,893	264,115
Commercial sector sales	32,392,053	28,109,577
Temporary meters sales	347,773	305,565
Telecommunication sector sales	4,974,403	5,022,854
Banking sector sales	1,871,099	1,899,832
Media sector sales	162,752	178,167
Hotels sector sales	118,587	89,433
Manufacturing sector sales / Small	5,868,242	5,350,090
Manufacturing sector sales / Medium	17,517,341	14,663,800
Water authority sales	25,426,683	25,880,783
Agricultural sector sales	16,163,141	14,832,251
Street lighting sales	16,993,958	16,921,576
Commercial / Agricultural sales	649,742	642,477
Army department sales	9,200,927	9,216,666
Consumption differences sales	1,985,675	1,355,659
Agricultural / Trio tariff sales	8,584,201	7,368,778
Private hospitals sales	284,293	322,817
Electric charging cars sales	87,417	41,220
	266,690,777	252,928,973

The Company's management monitors its business segments separately for performance evaluation purposes. The segments performance is evaluated based on each segment sales.

Geographical segment is associated with providing products or services in particular economical environment subject to risk and rewards that differ from those pertained to business segments in other economical environments. However, all operating segments represent one geographical segment which is the north of Jordan.

(33) CONTINGENT LIABILITIES

Guarantees and letters of credit -

As at the date of the financial statements, the Company has outstanding bank guarantees and letters of credit of JD 3,130,019 (2020: JD 1,967,562).

Litigations -

The Company is a defendant in a number of lawsuits in the ordinary course of business representing legal claims amounting to JD 1,273,585. The Company's management and its legal advisor believe that the provision taken against these claims of JD 720,034 (2020: JD 803,009) is adequate to meet any obligations that may arise.

Dispute with National Electricity Power Company –

National Electricity Power Company (Company's energy provider) claiming an amount of JD 717,357 which is mainly represent a difference of interest on late payments. The Company and its legal advisor believe that the Company will not have any obligation as per the electricity tariff (Wholesale Tariff) issued by EMRC.

Operating lease commitments-

Company as a lessor -

The Company has entered into commercial property leases on some of its small offices. These leases have a term of one year or less. Future minimum rentals receivables under operating leases as at 31 December are as follow:

	2021	2020
	JD	JD
Within one year	1,024	1,024

(34) RISK MANAGEMENT

Interest rate risk

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

The sensitivity of the statement of comprehensive income is inherent in the effect of expected changes in interest rates on the Company's profit for one year, based on financial assets and liabilities bearing floating interest rates.

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

	Increase in interest rate	Effect on profit before tax
2021 -	(POINT)	JD
JD	50	(351,388)

	Increase in interest rate	Effect on profit before tax
	(POINT)	JD
2020 -		
JD	50	(291,747)

The effect of decrease in interest rate is expected to be equal and opposite to the effect of the increase shown above.

Credit risk

Credit risk is the risk that one party to a financial instrument will not meet its obligations and cause the other party to incur a financial loss.

The Company believes it is not exposed to significant credit risk as it sets credit limits to its customer and monitors the outstanding receivable regularly. The Company maintains its balance and deposits in reputable financial institutions.

The Company provides its services to a large number of customers; however, Government receivables represent more than 63% of accounts receivable as at 31 December 2021 (2020: 49%).

Liquidity risk

The Company limits its liquidity risk by ensuring collection of accounts receivable and bank facilities are available.

The table below summarises the maturities of the Company's (undiscounted) financial liabilities based on contractual payment dates and market interest rate.

	On demand	1 to 12 months	1to 5 years	More than 5 years	Total
At 31 December 2021	JD	JD	JD	JD	JD
Accounts payable	-	107,482,523	-	-	107,482,523
Accrued expenses and other payables	-	8,996,351	-	-	8,996,351
Long term loan	-	903,467	17,216,263	4,894,202	23,013,932
Bank overdrafts	54,978,023	-	-	-	54,078,023
Subscribers' deposits	55,144,284	-	-	-	55,144,284
Lease liability	-	155,710	372,290	-	528,000
Total	109,222,307	117,538,051	17,588,553	4,894,202	249,243,113
At 31 December 2020					
Accounts payable	-	92,729,780	-	-	92,729,780
Accrued expenses and other payables	-	4,891,931	-	-	4,891,931
Long term loan	-	4,066,779	17,855,075	-	21,921,854
Bank overdrafts	41,722,360	-	-	-	41,722,360
Subscribers' deposits	51,752,452	-	-	-	51,752,452
Lease liability	-	176,702	483,298	-	660,000
Total	93,474,812	101,865,192	18,338,373	-	213,678,377

Currency risk

Most of the Company's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against USD (US$ 1.41 for JD 1). Thus, the impact of currency risk is insignificant to the financial statements.

(35) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, financial asset at fair value through other comprehensive income, accounts receivable and some other current assets. Financial liabilities consist of accounts payable, bank overdrafts, long term loans, lease obligations, and some other current liabilities.

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

(36) CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No amendments were made on the objectives, policies or procedures during the current and previous year.

Capital comprises of paid-in capital, statutory reserve, voluntary reserve and retained earnings, and is measured at JD 22,437,060 as at 31 December 2021 (2020: JD 19,534,817).

(37) STANDARD ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

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

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

What is meant by a right to defer settlement,

That a right to defer must exist at the end of the reporting period,

That classification is unaffected by the likelihood that an entity will exercise its deferral right,

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

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 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.

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 Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

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.

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

The amendments is not applicable to 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.

IAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

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

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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

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

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

(38) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE COMPANY

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government. The management monitors Company’s operations and risks that the Company is exposed to continuously, specifically maintaining the necessary liquidity to resume its business. There was no material impact on the Company’s activities resulted from Coronavirus pandemic as the subscribers’ electricity consumption had not been significantly impacted nor their consumption patterns.

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