UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

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pwc

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of United Financial Investments Company (A Public Limited Shareholding Company) (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

What we have audited

The Group's consolidated financial statements comprise:

- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of comprehensive income for the year then ended;
- Consolidated statement of changes in shareholders' equity for the year then ended;
- Consolidated statement of cash flows for the year then ended;
- Notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report.

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

Independence

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

Our audit approach

Overview

Key audit matter	• **Measurement of expected credit losses**

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

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

Key audit matter

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

Key audit matter	How our audit addressed the key audit matter
Measurement of expected credit losses As disclosed in the accounting policy (2.10) and note number (4) "Critical accounting estimates and judgments", management calculates the provision for expected credit losses of financial brokerage customers and margin receivables in accordance with IFRS 9 "Financial Instruments". The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.	We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2021: ➢ We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. ➢ We tested the completeness and accuracy of the data used in the calculation of ECL. ➢ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria.

For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral. The Group's impairment policy under IFRS 9 is presented in Note (2-10) to the financial statements. Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.	➢ We involved our internal specialists to assess the following areas: ● Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9. ● ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. ● Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. ● Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.
	➢ In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level. ➢ We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009). ➢ We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Other information

The directors are responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2021 (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*
TO THE SHAREHOLDERS OF UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

For and on behalf of PricewaterhouseCoopers "Jordan"

Certified Public Accountants
pwc
Amman - Jordan

Hazem Sababa
License No. (802)

Amman - Jordan
28 February 2022

UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		JD	JD
Assets			
Non-current assets			
Property and equipment	5	339,797	350,351
Intangible assets		51	1,062
Seized assets	6	3,394,086	3,307,006
Deposits of settlement guarantee fund	26	25,000	25,000
Deferred tax assets	17	1,025,409	1,136,511
		4,784,343	4,819,930
Current assets			
Financial assets at fair value through profit and loss	7	3,422,733	4,261,622
Due from related parties	24	1,429	26,687
Net receivables -financial brokerage customers	8	1,719,992	1,344,277
Other debit balances	9	209,873	31,631
Cash on hand and at banks	10	56,474	281,983
		5,410,501	5,946,200
Total assets		10,194,844	10,766,130
Shareholders' equity and liabilities			
Shareholders' equity			
Authorised and paid in capital	11	8,000,000	8,000,000
Statutory reserve	12	1,690,658	1,690,658
Voluntary reserve		40,873	40,873
Financial assets fair value reserve		(35,505)	(35,505)
Accumulated losses		(2,125,051)	(1,168,305)
Net shareholders' equity		7,570,975	8,527,721
Liabilities			
Non-current liabilities			
Long term loan	24	270,000	390,000
Employees end of service provision	16	130,192	294,577
		400,192	684,577
Current liabilities			
Current portion of long-term loan	24	120,000	120,000
Bank overdraft	13	757,330	13,215
Due to related parties	24	183,392	34,834
Payables - financial brokerage customers	14	668,834	1,274,593
Other credit balances	15	435,916	52,832
Income tax provision	17	58,205	58,358
		2,223,677	1,553,832
Total liabilities		2,623,869	2,238,409
Total shareholders’ equity and liabilities		10,194,844	10,766,130

The accompanying notes from 1 to 27 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		JD	JD
Revenue			
Commission income from financial brokerage - net		540,630	280,739
Loss from revaluation of financial assets at fair value through profit and loss	7	(394,829)	(194,518)
Losses from sale of financial assets at fair value through the profit and loss		(174,342)	(54,025)
Rental income	18	128,775	163,460
Interest income		30,484	18,478
Other income		33,298	7,901
Net revenues		164,016	222,035
Expenses			
Employees' expenses	19	(660,313)	(441,894)
Other expenses	20	(232,524)	(183,698)
Depreciation and amortisation		(19,464)	(33,267)
Expected credit losses for brokerage customers and margin receivables - net	8	6,774	(97,186)
Interest expense		(89,647)	(29,959)
Total expenses		(995,174)	(786,004)
Loss for the year before tax		(831,158)	(563,969)
Income tax	17	(125,588)	61,262
Loss for the year		(956,746)	(502,707)
Add: other comprehensive income items			-
Total comprehensive loss for the year		(956,746)	(502,707)
Basic and diluted earnings per share loss for the year	21	(0.12)	(0.06)

The accompanying notes from 1 to 27 form an integral part of these financial statements

UNITED FINANCIAL INVESTMENTS COMPANY
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Authorised and paid in capital	Statutory reserve	Voluntary reserve	Financial assets fair value reserve	Accumulated losses	Net shareholders' equity
	JD	JD	JD	JD	JD	JD
2021						
Balance as at 1 January 2021	8,000,000	1,690,658	40,873	(35,505)	(1,168,305)	8,527,721
Total comprehensive loss for the year	-	-	-	-	(956,746)	(956,746)
Balance as at 31 December 2021	8,000,000	1,690,658	40,873	(35,505)	(2,125,051)	7,570,975
2020						
Balance as at 1 January 2020	8,000,000	1,690,658	40,873	(35,505)	(665,598)	9,030,428
Total comprehensive loss for the year	-	-	-	-	(502,707)	(502,707)
Balance as at 31 December 2020	8,000,000	1,690,658	40,873	(35,505)	(1,168,305)	8,527,721

The accompanying notes from 1 to 27 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
	JD	JD
Operating activities		
Loss for the year before tax	(831,158)	(563,969)
Adjustments		
Depreciation and amortisation	27,825	33,267
gain on valuation of financial assets at fair value through profit and loss	394,829	194,518
Expected credit losses for brokerage customers and margin receivables	68,255	165,448
Reversed from expected credit losses for brokerage customers and margin receivables	(6,774)	(68,262)
Loss on sale of financial assets at fair value through the profit and loss	174,342	54,025
Gain on sale of property and equipment	(32,040)	(7,712)
Provision for employee end of service fund	20,578	25,164
Dividend income		-
Interest expense	89,647	29,959
Interest income	(30,484)	(18,478)
Impairment loss - investment in associate		-
Change in working capital items		
Seized assets	(87,080)	(663,611)
Financial assets at fair value through profit and loss	269,718	(18,851)
Receivables - financial brokerage customers	(437,196)	(538,368)
Deposits of settlement guarantee fund	-	223,000
Other debit balances	(178,242)	6,707
Due from related parties	25,258	(26,687)
Due to related parties	148,558	32,544
Payables - financial brokerage customers	(605,759)	(584,433)
Other credit balances	383,084	(16,853)
Net cash flows used in operating activities before income tax paid	(606,639)	(1,742,592)
Income tax paid	(14,639)	(19,103)
Employee end of service provision paid	(184,963)	-
Net cash flows used in operating activities	(806,241)	(1,761,695)
Investing activities		
Purchases of property and equipment	(15,912)	(21,726)
Proceeds from sale of property and equipment	32,343	8,500
Purchase of intangible asset	(651)	-
Interest income received	30,484	18,478
Net cash flows generated from investing activities	46,264	5,252
Financing activities		
Loan	(120,000)	510,000
Interest paid	(89,647)	(29,959)
Net cash flows used in financing activities	(209,647)	480,041
Net change in cash and cash equivalents	(969,624)	(1,276,402)
Cash and cash equivalents as at 1 January (Note 10)	268,768	1,545,170
Cash and cash equivalents as at 31 December	(700,856)	268,768
Non-cash transactions		
Seized assets	-	-

The accompanying notes from 1 to 27 form an integral part of these financial statements

(1) GENERAL INFORMATION

United Financial Investments Company (the "Company") was established as a public limited shareholding company, under the registration no. (297) on 8 October 1995, according to the Companies Law with a share capital of JD 1,500,000 divided into 1,500,000 shares of JD 1 each. The Company's paid in capital was increased subsequently, the last of which was during 2010. Accordingly, the Company's paid in capital has reached JD 8,000,000 at JD 1 par value for share.

The Company is listed on Amman Stock Exchange.

The Company's head office is located in Amman, Shmeisani - Abdul Aziz Al Th'albi Street, P.O. Box 927250 - Amman 11192, the Hashemite Kingdom of Jordan.

The Company is 96.35% owned by Jordan Kuwait Bank.

The Company's main objectives are to provide administrative and consultation services on investment portfolios. In addition, the company provides agency or financial consultancy services, investing in securities, and performing feasibility studies.

The Company has been granted approval from the Jordan Securities Commission to operate in margin financing on 20 October 2006.

The consolidated financial statements were approved by the Parent Company's Board of Directors (Jordan Kuwait Bank) on 12 February 2022.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the company in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

2-1 **Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as amended by the Central Bank of Jordan.

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

The consolidated financial statements of the Group are prepared in accordance with the going concern basis.

The consolidated financial statements have been presented in Jordanian Dinar, which is the functional currency of the Group.

The main differences between the IFRSs as they shall be applied and what has been approved by the Central Bank of Jordan are the following:

Some items are classified and presented in the consolidated statement of financial position, consolidated statement of income and the consolidated statement of cash flows and the related disclosure, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) “Application of the IFRS (9)” dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the Company operates, whichever is stricter. The significant differences are as follows:

a. Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.

b. When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked.

According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

a) low risk credit facilities, which do not require any provisions:

These are credit facilities that have any of the following characteristics:

1) Facilities granted and guaranteed by the Jordanian government, as well as to the governments of countries in which Jordanian banks have branches, provided that these facilities are granted in the same currency of the host country.
2) Cash Guaranteed by (100%) of the outstanding balance at any time.
3) Facilities guaranteed with an acceptable bank guarantee at (100%).

b) Acceptable risk credit facilities, which do not require provision:

These are credit facilities that have any of the following characteristics:

1) Strong financial positions and adequate cash flows.
2) Contracted and covered with duly accepted guarantees.
3) Having good sources of repayment.
4) Active account movement and regular repayment of principal and interest
5) Efficient management of the client.

C) Credit facilities listed under the watch-list (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%):

These are credit facilities that have any of the following characteristics:

1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
3) Credit facilities that have previously been classified as non-performing credit facilities then reclassified from the list upon meeting the rescheduling criteria.
4) Acceptable-risk credit facilities that has been rescheduled twice in one year.
5) Credit facilities that have been expired for more than 60 days and less than (90) days and have not been renewed.

This is in addition to other conditions detailed in the instructions.

D) Non-performing credit facilities:

The credit facilities that have any of the following characteristics:

1) They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

Classification	Number of past due days	The percentage of the provision for the first year
Sub-standard credit facilities	(90) – (179) days	25%
Doubtful credit facilities	(180) – (359) days	50%
Bad debt/loss credit facilities	(360) days and more	100%

2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
3) Credit facilities that have been expired for 90 days or more and have not been renewed.
4) Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.
5) Credit facilities that were restructured three times within a year.
6) Current and on-demand accounts overdrawn for (90) days or more.
7) The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

Interest and commissions are suspended on non-performing credit facilities and facilities classified within the third stage in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the Company operates, whichever is stricter.

Assets that have been seized by the Company against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revalued on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate seized for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. It is to be noted that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2019, in which the Central Bank acknowledged the enforceability of the circular No. 16607/1/10 dated 17 December 2017, in which the Central Bank confirmed the deferment of the calculation of the provision until the end of the year 2020. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2020, deduction of the required provisions against real estate acquired is to be provided for at a rate of (5%) of the total book value of these seized properties (regardless of the violation period) as of the year 2021, so that the required percentage of 50% of these properties are to be reached by the end of the year 2029.

According to the Circular of the Central Bank of Jordan number 13246/3/10 dated 2 September 2021, Circular number 16239/1/10 dated 21 November 2019 has been postponed for one year. Therefore, the provisions will continue to be deducted from 2022, so that the required percentage of 50% of these properties are to be reached by the end of 2030.

Cash and balances with the Central Bank item include, the cash reserve requirement item, which represents restricted balances according to the Central Bank's instructions and in accordance with the instructions of the supervisory authorities in the countries in which the Company operates, whichever is stricter.

The accounting policies used in preparing the consolidated financial statements are consistent with the accounting policies that were followed in preparing the consolidated financial statements for the year ended 31 December 2020, with the exception of the effect of applying new and revised IFRSs, which became effective for financial periods beginning on or after 1 January 2021, as mentioned in Note (2.2)

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

On September 12, 2021, the company purchased the entire shares of Specialized Managerial Company for Investments and Financial Consultancy, with a value of 89,308 dinars, which is a sister company that was wholly owned by the Jordan Kuwait Bank (the parent company). These financial statements are consolidated financial statements that include the business of the company and its subsidiary, which is wholly owned by United Financial Investments Company.

2.2 Basis of Consolidation

The consolidated financial statements of the Group includes the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Included in consolidated statement of income: income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements comprise the following subsidiaries:

Subsidiary	Place of business	Paid in capital	Percentage of ownership
		JD	%
Specialized Managerial Company for Financial Consultancy	Jordan	530,000	100

2.3 Changes in Accounting Policies

2.3.1 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations issued and adopted by the Group in the financial year beginning on 1 January 2021:

Title	Key requirement	
Covid-19-related Rent Concessions – Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. * The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022. If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.	1 June 2020/ 1 April 2021 *

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs: When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. · The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.	1 January 2021

The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

Title	Key requirements	
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	*The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.* *Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.*	*1 January 2022*
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies.* The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022

Annual Improvements to IFRS Standards 2018–2020	*The following improvements were finalised in May 2020:* *IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.* *IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.* *IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.* *IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.*	1 January 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*	1 January 2023 (deferred from 1 January 2022)

Disclosure of Accounting Policies– Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their *material* rather than their *significant* accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 *Making Materiality Judgements* to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023
Definition of Accounting Estimates– Amendments to IAS 8	The amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 *Income Taxes* require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: · right-of-use assets and lease liabilities, and · decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.	1 January 2023

	The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on 1 January 2021 that would be expected to have a material impact on the financial statements of the Company.

The management are still in the process of assessing the above new IFRS and amendments on the financial statements, however, management does not believe there will be a material impact once they complete the assessment.

2-3 **Foreign currency translation**

(A) Functional and presentation currency

Items included in the financial statements of the Company are evaluated using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jordanian Dinar, which is the Company's functional and presentation currency.

(B) Transactions and balances

Foreign currency transactions are translated into the Jordanian Dinar using the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into the Jordanian Dinar at prevailing year-end exchange rates. Foreign exchange gains and losses resulting from that are recognised in the statement of income.

2-4 **Property and equipment**

Property and equipment are shown at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these property and equipment.

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

Depreciation is calculated using the straight-line method to allocate the property and equipment cost over their estimated useful lives. The main useful lives used for that purpose are as follows:

	%
Buildings	2
Furniture and fixtures	20
Decorations	20
Office equipment	20
Computers	35
Vehicles	15

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

An asset's book value is written down to its recoverable amount if the asset's net book value is greater than its recoverable amount, and the decrease is recognised in the statement of comprehensive income (Note 2-6).

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the book value and are recognized in the statement of comprehensive income.

2-5 Intangible assets

Intangible assets that have a finite useful life are carried at cost less accumulated amortization. Internally generated intangible assets are not capitalized and are recognised in the statement of income in the period in which it they are incurred.

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives, as follows:

	%
Intangible assets	50

2-6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired at the end of each financial period are reviewed for possible reversal of the impairment.

2-7 Investment in an affiliate

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method, which provides that the investment is recognised at cost of acquisition and adjusted to the Company's share of the associate's profit or loss.

The consolidated financial statements of the associates are prepared for the same financial year using the same accounting policies used by the Company. If the accounting policies adopted by the associates are different, the required adjustments are made on the financial statements of the associates to be consistent with the accounting policies used by the Company.

2-8 Financial assets at fair value through the statement of income

Financial assets through the statement of income represent investments in equity; the objective of holding them is to maintain profit from fluctuations in short-term market prices or profit margin of trading operations.

These assets are recognised at fair value upon purchase, and acquisition expenses are recognised in the statement of income upon purchase and they are revalued at fair value. Changes in the fair value are included in the statement of income. In the case of selling such assets or part thereof, the resulting profits or losses are recorded in the statement of income.

2-9 Financial assets at fair value through the statement of comprehensive income

These financial assets represent investments in equity instruments and debt instruments for the purpose of holding them on a long-term basis.

These assets are recognised at fair value plus acquisition expenses upon purchase and are subsequently re-evaluated at fair value. Change in fair value is included in the statement of comprehensive income and in equity, including the change in fair value resulting from the translation of some items of non-monetary assets in foreign currencies. In the case of selling such assets or part thereof, profits or losses are recorded in the statement of comprehensive income and equity. Balance of the sold financial asset valuation reserve is directly transferred to retained earnings and losses rather than through the consolidated statement of income.

Dividends are recognised in the consolidated` statement of income.

2-10 Financial instruments

Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the consolidated statement of financial position of the Group when the Group becomes a party to the contractual provisions of the instrument and borrowings and receivables to customers are recognised if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the statement of profit or loss are recognised directly in the statement of profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised on initial recognition (i.e. profit or loss on the first day);

In all other cases, the fair value is adjusted to align with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial book value of the asset or liability);

After initial recognition, the deferred gain or loss will be released to the statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, or upon the de-recognition of such instrument.

Initial recognition

All financial assets are recognised on the trade date where the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and is initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value in the statement of profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the statement of profit or loss.

Subsequent measurement

All recognised financial assets that are within the scope of IFRS (9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. specifically:

The financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost;

The financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income;

All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the statement of income.

However, the Group can take a non-cancellable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:

The Group can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (3) applies, in other comprehensive income. The Group can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of profit or loss if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are tested for impairment.

Expected credit losses

The Group recognises loss allowances for expected limit loss on the following financial instruments that are not measured at fair value through the statement of profit or loss:

Cash at banks
Receivables from financial brokerage customers
Due from related parties

Impairment loss is not recognised on equity instruments.

With the exception of financial assets originated or purchased that have low credit value (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1; or

12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

2-11 Cash on hand and with banks

Cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less.

2-12 Fair value of financial assets

The closing prices (purchase of assets) at the statement of financial position date in active markets represent the fair value of the financial instruments and derivatives that have market prices. In the absence of quoted prices or the absence of active trading of certain financial instruments, derivatives or market inactivity, their fair value is estimated in a number of ways, including:

- Comparing the fair value with the current market value of a substantially similar financial instrument.

- Analysing future cash flows and discounting expected cash flows at a rate used in an similar financial instrument.

Long-term financial assets and liabilities that are not interest-bearing are assessed under the cash flow discount and at the effective interest rate. The discount / premium is amortised in the interest income received / paid in the statement of income.

The assessment methods aim to obtain a fair value that reflects market expectations and takes into account market factors and any anticipated risks or rewards when estimating the value of financial instruments. Where there are financial instruments that cannot be reliably measured, they are stated at cost less any impairment.

2-13 Payables – Financial brokerage customers

Payables of brokerage clients include obligations in return of services made in the Company's ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables of brokerage customers are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2-14 Borrowings and bank overdraft

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

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

2-15 Seized assets

Assets seized by the Group appear in the consolidated statement of financial position within seized assets, at the lower of amount reverted to the Group or the fair value, and are reassessed on the date of the financial statements individually. Any impairment in their value is recorded as a loss in the statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment.

2-16 Revenue and expenses recognition

Interest revenues are recognised using the effective interest method, except for interests and commissions of non-performing margin clients receivables, which are not recognised as revenues, and they are recorded to the account of outstanding interests and commissions.

Interest revenues and expenses are recognised on accrual basis.

Expenses are recognised on accrual basis.

Brokerage commission are recorded as revenues when relevant services are rendered, and accounted for at a specific percentage of the market equity of shares sold or purchased in favour of the client.

Dividends are recognised upon the declaration of these dividends, and the Group is entitled to receive it.

2-17 Provisions

Provisions are recognised when the Group has obligations at the date of the financial statements arising from past events and these obligations can be paid and reliably determined.

2-18 Income tax

Tax expenses represent amounts of tax payable.

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

Taxes are calculated as per the tax rates established by the laws, regulations and instructions.
Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the financial statements and the value based on which tax profit is calculated. Deferred tax is calculated using the liability method in the financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.

2-19 Employees' benefits

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

(B) Provision for end of service compensation
With regard to defined benefit plans, the Group calculates the provision for end of service compensation to meet the statutory and contractual obligations of employees for the end of service for the service period of each employee at the date of the statement of financial position in accordance with the internal regulations of the Company.

2-20 Deposits of settlement guarantee fund

This amount represents total amounts deposited by the Group to The Securities Commission, this amount is determined according to the volume of trading in the Stock Exchange Market.

2-21 Financial instruments by category

	2021	2020
	JD	JD
Assets as per the statement of financial position		
Deposits of settlement guarantee fund	25,000	25,000
Financial assets at fair value through profit and loss	3,422,733	4,261,622
Due from related parties	1,429	26,687
Net receivables -financial brokerage customers	1,719,992	1,344,277
Other debit balances (excluding prepayments)	189,196	8,937
Cash on hand and at banks	56,474	281,983
	5,414,824	5,948,506
Liabilities as per the statement of financial position		
Financial liabilities at amortised cost		
Loan	390,000	510.000
Bank overdraft	757,330	13,215
Due to related parties	183,392	34,834
Payables - financial brokerage customers	668,834	1,274,593
Other credit balances(excluding statutory liabilities)	356,143	52,832
	2,355,699	1,885,474

(3) FINANCIAL RISK MANAGEMENT

3-1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the risk of fluctuation in the market (which includes foreign currency translation risks, interest rate risks and stock price change risks), credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effect on the Group's financial results.

A- Market risk

Market risks are losses of the value arising from changes in market prices as the change in interest rates, foreign exchange rates, prices of equity instruments and therefore changes in fair value of the cash flows of financial instruments within and outside the statement of financial position.

- Foreign currency risk

Foreign currency risks result from the change in prices of financial instruments due to changes in exchange rates.
Most of the Company's transactions are in the Jordanian Dinar or US Dollar. The exchange rate between the US Dollar and the Jordanian Dinar is fixed, therefore, the Group is not exposed to risks of currency exchange.

- Interest rate risk

Interest rate risks are the risks related to change the value of a financial instrument as a result of changes in market interest rates.

Based on this analysis, the impact of increase or decrease in interest rate on the loss for the year after tax is as follows:

Currency	Increase in interest rate	Impact on loss after tax
	%	JD
2021		
Jordanian Dinar	1	(11,473)
2020		
Jordanian Dinar	1	(5,232)

- Price risk

The change in the prices of shares traded in securities as at the date of the financial statements of higher/ lower than 5% has the following effect on the results of the Group:

	Change in price	31 December 2021	31 December 2020
		JD	JD
Impact on profit and loss	5%	171,137	213,081

In the event of an adverse change in the indicator, the effect is expected to be equal and opposite to the effect shown above.

B- Credit risk

Financial assets that are subject to credit risk are limited to cash with banks, receivables of financial brokerage clients, some other receivables, deposits of settlement guarantee fund, and due from related parties. The Group deals only with financial institutions with high credit ratings. The Group has a policy of reducing the credit risk exposure of a single financial institution. Credit limits are regularly monitored.

The following table shows the cash at banks and its credit rating as at 31 December as follows:

	Credit rating	2021	2020
		JD	JD
Cairo Amman Bank	B1	1,056	-
Jordan Kuwait Bank	B+	55,115	281,455
		56,171	281,455

C- Liquidity risk

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

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

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

	Less than 1 year	More than 1 year
	JD	JD
As at 31 December 2021		
Loan	120,000	270,000
Bank overdraft	757,330	-
Due to related parties	183,392	-
Payables - financial brokerage customers	668,834	-
Other credit balances (excluding statutory liabilities)	356,143	-
As at 31 December 2020		
Loan	120,000	390,000
Bank overdraft	13,215	-
Due to related parties	34,834	-
Payables - financial brokerage customers	1,274,593	-
Other credit balances (excluding statutory liabilities)	52,832	-

3-2 Capital risk management

The Group manages its capital to ensure its ability to continue and maximise the return to shareholders by achieving an optimal balance between shareholders' equity and debt.

The Group follows a strategy to maintain the ratio of debt to shareholders' equity within a reasonable level.

Gearing ratio was as follows:

	2021	2020
	JD	JD
Total borrowings	1,147,330	523,215
Cash on hand and at banks	(56,474)	(281,983)
Net debt	1,090,856	241,232
Net shareholders' equity	7,570,975	8,527,721
Total capital	8,661,831	8,768,953
Gearing ratio	13%	3%

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are addressed bellow:

(A) Provision of expected credit loss for receivables of financial brokerage clients and margin receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(B) Income tax

The Group is subject to income tax, which requires making significant judgements in determining the provision for income tax. There are several transactions and calculations related to the Company's ordinary business for which tax determination is not identified. The Group recognises income tax liabilities depending on its expectations on whether the taxation audit will result in any additional tax. If the final tax estimation is different from what was recorded, such differences would affect income tax for the period when such differences are identified.

(C) Provision for employee end of service indemnity

The Group establishes a provision for employees' end of service indemnity, in accordance with the accounting policy stated in (Note 2-19). The computation of the provision incorporates foundation relating to expected length of service and salary increases together, along with an estimation of discount rate.

(5) PROPERTY AND EQUIPMENT

	Lands and buildings	Furniture and fixtures	Decorations	Office equipment	Computers	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
2021							
Cost							
1 January 2021	469,906	59,625	97,249	190,205	134,282	115,902	1,067,169
Additions	-	3,005	-	12,907	-	-	15,912
Disposals	-	(75)	-	-	(539)	(74,433)	(75,047)
31 December 2021	469,906	62,555	97,249	203,112	133,743	41,469	1,008,034
Accumulated depreciation							
1 January 2021	143,577	59,349	95,996	184,664	130,650	102,582	716,818
Depreciation expense	9,398	3,052	397	8,960	2,136	2,220	26,163
Related to disposals	-	(75)	-	-	(236)	(74,433)	(74,744)
31 December 2021	152,975	62,326	96,393	193,624	132,550	30,369	668,237
Net book value at 31 December 2021	316,931	229	856	9,488	1,193	11,100	339,797

Fully depreciated assets as at 31 December 2021 amounted to 493,040 (2020: JD 475,389).

	Lands and buildings	Furniture and fixtures	Decorations	Office equipment	Computers	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
2020							
Cost							
1 January 2020	466,906	59,625	97,249	188,165	132,396	119,992	1,064,333
Additions	3,000	-	-	2,040	1,886	14,800	21,726
Disposals	-	-	-	-	-	(18,890)	(18,890)
31 December 2020	469,906	59,625	97,249	190,205	134,282	115,902	1,067,169
Accumulated depreciation							
1 January 2020	134,219	58,674	95,233	169,085	126,965	118,812	702,988
Depreciation expense	9,358	675	763	15,579	3,685	1,872	31,932
Related to disposals	-	-	-	-	-	(18,102)	(18,102)
31 December 2020	143,577	59,349	95,996	184,664	130,650	102,582	716,818
Net book value at 31 December 2020	326,329	276	1,253	5,541	3,632	13,320	350,351

(6) Seized assets

	2021	2020
	JD	JD
Cost		
Balance as at 1 January	3,307,006	2,643,395
Additions during the year	87,080	663,611
Balance as at 31 December	3,394,086	3,307,006

The Board of Directors, in its meeting held on 1 December 2019, decided to seize a property in against doubtful debts.

(7) Financial Assets At Fair Value Through Statement Of Income

	2021	2020
	JD	JD
Companies' shares traded in Amman Stock Exchange	3,817,562	4,456,140
Change in fair value	(394,829)	(194,518)
	3,422,733	4,261,622

The above financial assets are stated at fair value.

(8) Net receivables -financial brokerage customers

	2021	2020
	JD	JD
Receivables from financial brokerage customers	2,004,291	2,172,298
Receivables from margin trading customers*	1,164,176	778,153
Receivables of the Managerial Company	68,150	-
	3,236,617	2,950,451
Expected credit loss provision	(1,448,975)	(1,606,174)
Expected credit loss provision for Specialized Managerial Company for Investments and Financial Consultancy	(67,650)	-
	1,719,992	1,344,277

* The Group grants facilities to customers up to a maximum of 50% of initial margin of the market value of securities on the date of purchase provided that this percentage is not less than 30% of (maintenance margin) of the customer's investment value as per marginal financing instructions for the year 2006 issued by the Jordan Securities Commission with interest up to 9% with a guarantee of financing investments and reviewed on a periodic basis. The details as at 31 December 2021 are as follows:

- The total market value of the portfolios is 1,371,414 (2020: JD 487.000).
- The total funded by the Company is 386,195 (2020: JD 173).
- Total funded by customers (security margin) 985,219 (2020: JD 468.827).
- The percentage of amounts funded by customers to the total market value of the portfolios is 71.8% (2020: 99%).

The Group follows a policy of obtaining adequate customer guarantees where appropriate to reduce the risk of credit losses arising from non-fulfilment of obligations. The group provides an expected credit loss provisions for receivables that may not be collected in accordance with International Financial Reporting Standards (IFRS). Total due accounts receivable as follows:

	2021	2020
	JD	JD
Receivables - brokerage customers		
1 – 7 days	495,178	1,266,683
8 – 30 days	955,850	133,493
31 – 60 days	16,996	2,328
61 – 90 days	530	17
91 – 120 days	1,035	-
Over 120 days	534,702	769,777
	2,004,291	2,172,298
Receivables of margin trading customers	1,164,176	778,153
Receivables of Managerial Company	68,150	-
	3,236,617	2,950,451

The movement of provision of expected credit loss for receivables of financial brokerage clients and margin receivables is as follows:

	2021	2020
	JD	JD
Balance as at 1 January	1,606,174	1,508,988
Provision of Managerial Company	68,255	-
Provision during the year	-	165,448
Debts write-off	(151,030)	-
Reversed from provision during the year	(6,774)	(68,262)
Balance as at 31 December	1,516,625	1,606,174

The Board has decided to write-off debts in the amount of JD 151,030

The details of the provision of impairment of receivables from financial brokerage customer in accordance with the International Financial Reporting Standard No. (9):

	2021	2020
	JD	JD
Stage 1	-	475
Stage 2	75,684	47,039
Stage 3	1,440,941	1,558,660
Total	1,516,625	1,606,174

(9) Other debit balances

	2021	2020
	JD	JD
Employees' receivables	6,157	5,182
Prepayments	20,961	22,694
Refundable deposits	7,755	3,755
Check under collection	175,000	-
	209,873	31,631

(10) CASH ON HAND AND AT BANKS

	2021	2020
	JD	JD
Cash on hand	303	528
Cash at banks	56,171	281,455
	56,474	281,983

For the purpose of preparing the statement of cash flows, cash and cash equivalents compromise:

	2021	2020
	JD	JD
Cash on hand and at banks	56,474	281,983
Bank overdraft (Note 13)	(757,330)	(13,215)
	(700,856)	268,768

(11) AUTHORISED AND PAID IN CAPITAL

The authorized and paid-up capital of the Group is JD 8,000,000 divided into 8,000,000 fully paid-up shares with a par value of JD 1 per share as at 31 December 2020 and 2019.

The Group is 96.35% owned by Jordan Kuwait Bank and the Holding mother company is Al Rawabi Holding.

(12) STATUTORY RESERVE

In accordance with the requirements of the Jordanian Companies Law and the Bylaws, the Group shall deduct 10% of the annual net profits and transfer them to the statutory reserve. This deduction shall continue for each year, provided that the balance of the statutory reserve shall not exceed 25% of the Grop's capital. For the purposes of this Act, net profit represents profit before deduction of income tax provision. This reserve is not available for distribution to shareholders.

(13) BANK OVERDRAFTS

The Group was granted short-term facilities from local banks with a ceiling of JD 750,000, as at 31 December 2021 (2020: JD 250.000). These facilities are granted to the Group by Jordan Kuwait Bank (Parent Company) and are subject to annual interest rates in the local market, where the average interest rate was 8% during the year 2021 (2020: 8.25%).

(14) Payables - financial brokerage customers

	2021	2020
	JD	JD
Due to financial brokerage customers	668,834	1,274,593

* The above payables are non-interest bearing.

(15) Other credit balances

	2021	2020
	JD	JD
Due to Shareholders'	24,453	24,494
Accrued expenses	37,134	22,144
Employees income tax deposits	61,793	-
Customers’ deposits	1,517	1,517
Checks under collection	175,000	-
Social security deposits	17,980	-
Others	118,039	4,677
	435,916	52,832

(16) PROVISION FOR EMPLOYEES’ END OF SERVICE

Employees end of service benefit is calculated based on years of service and the obligation is determined on the basis of the present value of defined benefit obligation at the end of the reporting period, the present value of the defined benefit obligations is determined by deducting estimated future cash flows issued and using the interest rate on high-quality government bonds denominated in the currency in which the benefits are paid with maturities that approximate those of the obligations.

The basis for calculating this provision is as follows:

- 50% of the basic salary (adjusted on the percentage of the salaries of 14 months) for each year of labour.

Movement on end of service compensation provision is as follows:

	2021	2020
	JD	JD
Balance as at 1 January	294,577	269,413
Charged to statement of comprehensive income (Represents the cost of the current service and the discount value)	20,578	25,164
Employees end of service provision paid	(184,963)	-
Balance as at 31 December	130,192	294,577

Primary assumptions comprise of the following:

	2021	2020
	%	%
Discount rate	7.91	6.82
Salary growth rate	7.14	7.29

(17) INCOME TAX

	2021	2020
	JD	JD
Balance as at 1 January	58,358	58,906
Income tax paid	(153)	(19,103)
Due surplus on the year's profit	-	18,555
Balance as at 31 December	58,205	58,358

Income tax stated in the statement of income is as follows:

	2021	2020
	JD	JD
Due expense on the year's profit	-	(18,555)
Deferred tax assets	(125,588)	79.818
	(125,588)	61,263

Income tax reconciliation:

	2021	2020
	JD	JD
Accounting loss	(831,158)	(563,969)
Non-deductible expenses	415,559	336.520
Non-taxable income	(297,107)	(31.806)
Taxable loss	(712,706)	(259,255)
Statutory tax rate	28%	28%
Income tax for the year	-	-
Prior period tax	(153)	(18,555)
Tax surplus	-	(18,555)
Actual tax rate	-	-

Deferred tax assets resulted from the following at 28% (For United Financial Investments):

	31 December 2021					31 December 2020
	Balance at beginning of the year	Added amounts	Released amounts	Balance at end of the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Expected credit loss provision	1,606,174	-	157,199	1,448,975	405,713	449.729
Losses from valuation of financial assets at fair value - inside the Kingdom	2,158,220	-	105,370	2,052,850	574,798	604.301
Provision for employees' end of service	294.577	-	184,963	109,614	30,691	82.481
	4,058,971	-	447,532	3,611,439	1,025,409	1,136,511

Deferred tax assets resulted from the following at 21% (For Specialized Managerial Company for Investments and Financial Consultancy):

	31 December 2021					31 December 2020
	Balance at beginning of the year	Added amounts	Released amounts	Balance at end of the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Expected credit loss provision	68,255	-	605	67,650	14,207	-
	68,255	-	605	67,650	14,207	-
	4,127,226	-	448,137	3,679,089	1,025,409	1,136,511

The movement on the account of deferred tax assets is as follows:

	2021	2020
	JD	JD
Balance at beginning of the year	1,136,513	1,056,695
Balance of Managerial Company	14,312	-
Additions during the year	-	88,724
(Released) during the year	(125,416)	(8,906)
Balance at the end of the year	1,025,409	1,136,513

Income tax provision was calculated for the period ending on December 31, 2021 and December 31, 2020 in accordance with Income Tax Law No. (38) of 2020. The legal income tax rate on the company is 28%.

The Group reached a final settlement with the Income and Sales Tax Department until the end of 2018.

The income tax return for the fiscal year 2019 and 2020 was submitted to the Income and Sales Tax Department within the legal period and the tax declared in the return (if any) was paid.

(18) RENTAL INCOME

	2021	2020
	JD	JD
Building rental income - Ramtha *	104,520	139.205
Building rental income - Irbid *	24,255	24.255
	128,775	163.460

* The Group signed a lease agreement for the seized property in Ramtha on 3 January 2020. The total contract value amounted to JD 104,520 to be paid in four instalments, starting from 1 March 2020, until 31 January 2020.

** The Group signed a lease agreement for the property seized in Irbid on 3 January 2020. The total contract value amounted to JD 24.255, subject to renewal, and it will be repaid at one payment due at the end of each year.

(19) EMPLOYEES EXPENSES

	2021	2020
	JD	JD
Salaries and employees' benefits	477,925	349,136
Bonus expenses	67,303	-
Social security	50,748	40,376
Leave allowance	28,842	16,303
Employees' end of service expenses	20,578	25,164
Health insurance	11,767	10,915
Other benefits	3,150	-
	660,313	441,894

(20) OTHER EXPENSES

	2021	2020
	JD	JD
Board of Directors transportation and allowance	74,500	49,007
Professional fees	46,446	23,580
Fees and licenses of financial brokerage	26,341	2,060
Subscription fees	19,632	19,947
Post, telephone and internet	8,095	6,629
Bank expenses and fees	6,152	4,742
Vehicles' expenses	5,658	6,399
Stationary	1,907	669
Water, electricity and heating	1,454	2,637
Advertisement	1,177	2,845
Hospitality expenses	1,176	821
Cleaning expenses	440	996
Transportation allowance	355	1,314
Maintenance expenses	57	17,945
Merger expenses	-	14,500
Annual report expenses	-	1,044
Others	39,134	28,563
	232,524	183,698

(21) BASIC AND DILUTED EARNINGS PER SHARE

	2021	2020
	JD	JD
Loss for the year	(956,746)	(502,707)
Weighted average number of shares during the for the year	8,000,000	8,000,000
	JD/ share	JD/ share
Loss per share for the year	(0.12)	(0.06)

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

(22) KEY SEGMENTS ANALYSIS

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Net profits	164,016	222,035	-	-	164,016	222,035
Total expenses	(995,174)	(786,004)	-	-	(995,174)	(786,004)
Loss for the year before tax	(831,158)	(563,969)	-	-	(831,158)	(563,969)
Income tax surplus					(125,588)	61,262
Loss for the year					(956,746)	(502,707)

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Assets	10,194,844	10,766,130	-	-	10,194,844	10,766,130
Liabilities	2,623,869	2,238,409	-	-	2,623,869	2,238,409

(23) FAIR VALUE HIERARCHY

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

Level 1: quoted prices (unadjusted) of assets or liabilities in active markets, most of the financial assets at fair value through the statement of comprehensive income are listed in Amman Stock Exchange.

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

Level 3: pricing methods where not all significant inputs are based on observable market data. The Company has used its book value, which is the best available instrument for measuring the fair value of such investments.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
31 December 2021				
Financial assets at fair value through statement of income	3,422,743	-	-	3,422,743
31 December 2020				
Financial assets at fair value through statement of income	4,261,622	-	-	4,261,622

The fair values of off-balance sheet financial instruments are not significantly different from their book value included in the financial statements. Fair value of customers' receivables stated at amortised cost is not significantly different from the book value stated in the financial statements.

(24) RELATED PARTY TRANSACTIONS

The parties are considered as related parties when they have the ability to control the other party or exercise significant influence in making financial and operational decisions:

Related parties represented in Jordan Kuwait Bank (the owner) and Board members of the bank and their relatives.

Balances with related parties are as follows:

	2021	2020
	JD	JD
Due to related parties		
Loan from Ejara Leasing Company (sister company) *	390,000	510.000
Bank overdraft at Jordan Kuwait Bank (note 13) (Parent Company)	757,330	13,215
Directors and key executive management	25,298	34,834
Due to Jordan Kuwait Bank – Parent company	158,093	-
Due from related parties		
Current accounts at Jordan Kuwait Bank (note 10) (Parent Company)	55,115	281,455
Senior executive management	1,429	26,687

* On 12 February 2020, the Company entered into a loan agreement of 600,000. This loan is to be paid under 20 instalments, with the first payment due on 15 May 2020.

The following transactions were carried out with related parties:

	2021	2020
	JD	JD
Revenues from related parties		
Jordan Kuwait Bank (parent company)	21,364	31,634
Senior executive management	35,684	21,719
Board of Directors	11,225	13,853
	68,273	67,206
Related parties expenses		
Jordan Kuwait Bank (parent company)	57,465	10,400
Members of executive senior management	374,088	160,504
Board of Directors	74,500	43,750
	506,053	214,654

- Salaries, bonuses and benefits of senior executive management of the Company amounted to a total of 374,088 for the year ended 31 December 2021 (31 January 2020: JD 160.504).

(25) CONTINGENT LIABILITIES

At the date of financial position statement, the Company has liabilities that may arise, which include bank guarantees provided by Jordan Kuwait Bank (Parent Company) amounting to 931,000 at 31 January 2021 (31 January 2020: JD 901.000).

(26) DEPOSITS OF SETTLEMENT GUARANTEE FUND

This amount represents total amounts deposited by the Company to The Securities Commission, this amount is determined according to the volume of trading in the Stock Exchange Market.

	2021	2020
	JD	JD
Deposits of settlement guarantee fund	25,000	25,000

(27) Acquisition of the Managerial Company for Financial Consultancy

On September 12, 2021, the company purchased the entirety of the shares of the Specialized Managerial Company for Investments and Financial Consultancy, with a value of 89,308 dinars. The value of the acquisition was based on the company's unaudited financial statements as of June 30, 2021, and no amounts against goodwill were included in the acquisition value.

Specialized Managerial Company for Investments and Financial Consultancy	30 June 2021
	JD
Total assets	130,507
Total liabilities	41,199
Net shareholder's equity	89,308
Total comprehensive loss	(162,604)