

**THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE  
REGISTERED JORDANIAN SOCIETY**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

**THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE  
REGISTERED JORDANIAN SOCIETY**

**FINANCIAL STATEMENTS**

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**INDEPENDENT AUDITOR'S REPORT  
THE BOARD OF DIRECTORS  
THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE  
REGISTERED JORDANIAN SOCIETY**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Royal Society for the Conservation of Nature (the "Society") as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

***What we have audited***

The Society's financial statements comprise:

- The statement of financial position as at 31 December 2019;
- The statement of revenue and expenses for the year then ended;
- The statement of net assets for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

**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 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 Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



## **Responsibilities of board of directors and those charged with governance for the financial statements**

Board of directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as board of directors 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, board of directors are responsible for assessing the Society'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 board of directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 scepticism 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.



- Conclude on the appropriateness of board of directors' 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 Society'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 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on other legal and regulatory requirements**

The Society maintains proper accounting records which are consistent, in all material aspects, with the accompanying financial statements. We recommend the General Assembly to approve them.

*PricewaterhouseCoopers "Jordan"*

PricewaterhouseCoopers "Jordan" LLC

Amman - Jordan  
13 May 2020

**THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE**  
**REGISTERED JORDANIAN SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2019**

	Note	2019 JD	2018 JD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,887,428	5,864,843
<b>Current assets</b>			
Inventories	6	140,370	136,331
Accounts receivable - Restricted projects	7	4,914,627	4,364,273
Trade and other receivables	8	658,344	730,428
Cash at banks against grants of restricted projects	9	3,926,155	2,223,639
Cash on hand and at banks	10	199,725	75,913
		<u>9,839,221</u>	<u>7,530,584</u>
<b>TOTAL ASSETS</b>		<u>15,726,649</u>	<u>13,395,427</u>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>			
Accumulated deficit		<u>(1,356,971)</u>	<u>(1,675,126)</u>
<b>Non-current liabilities</b>			
Deferred grants income	11	5,204,726	5,303,943
Temporary restricted contribution	12	8,782,064	6,713,661
		<u>13,986,790</u>	<u>12,017,604</u>
<b>Current liabilities</b>			
Deferred grants income	11	279,838	256,777
Bank overdraft	13	100,236	84,733
Outstanding cheques not yet disbursed		41,565	99,864
Due to related parties	14	1,689,836	1,975,237
Trade and other payables	15	985,355	636,338
		<u>3,096,830</u>	<u>3,052,949</u>
<b>Total liabilities</b>		<u>17,083,620</u>	<u>15,070,553</u>
<b>Total net assets and liabilities</b>		<u>15,726,649</u>	<u>13,395,427</u>

The attached notes from 1 to 25 are an integral part of these financial statements

**THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE  
REGISTERED JORDANIAN SOCIETY  
STATEMENT OF REVENUE AND EXPENSES  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> JD	<u>2018</u> JD
<b>Revenue</b>			
Reserves and ecotourism	16	2,043,790	1,731,257
Projects revenue	17	1,325,669	1,052,437
Craft sales		694,091	813,207
Government grants		350,000	350,000
Grants income	11	260,648	243,207
Donations		67,447	125,948
Nature centre		62,533	59,771
Other income	18	40,689	30,434
<b>Total revenues</b>		<u>4,844,867</u>	<u>4,406,261</u>
<b>Expenses</b>			
Administrative expenses	19	4,446,856	3,865,795
Crafts cost of sale	20	218,350	279,637
Selling and marketing	21	173,518	164,223
Finance costs		4,960	8,698
<b>Total expenses</b>		<u>4,843,684</u>	<u>4,318,353</u>
<b>Surplus</b>		<u>1,183</u>	<u>87,908</u>

The attached notes from 1 to 25 are an integral part of these financial statements

**THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE  
REGISTERED JORDANIAN SOCIETY  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> JD	<u>2018</u>
<b>Net assets</b>			
<b>Balance at 1 January</b>		(1,675,126)	(1,952,065)
Surplus for the year		1,183	87,908
Transferred profit from Jordan Nature Fund	14	<u>316,972</u>	<u>189,031</u>
<b>Balance at 31 December 2019</b>		<u>(1,356,971)</u>	<u>(1,675,126)</u>

The attached notes from 1 to 25 are an integral part of these financial statements



**THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE  
REGISTERED JORDANIAN SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> JD	<u>2018</u> JD
<b>Operating activities</b>			
Surplus for the year		1,183	87,908
<b>Adjustments for:</b>			
Deferred grants income		(76,156)	(104,802)
Depreciation		273,654	243,207
Reversal from expected credit losses provision		(2,555)	-
<b>Changes in working capital</b>			
Inventories		(4,039)	16,823
Cash at banks against grants of restricted projects		(1,702,516)	(1,225,355)
Trade and other receivables		74,639	(332,996)
Outstanding cheques not yet disbursed		(58,299)	(267,423)
Trade and other payables		349,018	209,378
Temporary restricted contribution		1,518,049	1,351,104
<b>Net cash flows generated from (used in) operating activities</b>		<u>372,978</u>	<u>(22,156)</u>
<b>Investing activities</b>			
Purchase of Property, plant and equipment		(296,239)	(138,405)
<b>Net cash flows used in investing activities</b>		<u>(296,239)</u>	<u>(138,405)</u>
<b>Financing activities</b>			
Due to related parties		31,570	(37,308)
<b>Net cash flows generated from (used in) financing activities</b>		<u>31,570</u>	<u>(37,308)</u>
<b>Net change in cash and cash equivalents</b>		108,309	(197,869)
Cash and cash equivalents at 1 January		(8,820)	189,049
<b>Cash and cash equivalents at 31 December</b>	10	<u>99,489</u>	<u>(8,820)</u>
<b><u>Non-cash transactions during the year:</u></b>			
Purchase of Property, plant and equipment*		(184,492)	(138,405)

- \* During 2019, The Royal Society for the Conservation of Nature purchased property, plant and equipment with a value of 296,239 dinars, part purchased from the Society at a value of JD 111,747 and the other part with a value of JD 184,492 purchased from project budgets, and on that basis it was recognized as a deferred grants income and would be amortized using the straight-line method to allocate their cost over their estimated useful lives.

**The attached notes from 1 to 25 are an integral part of these financial statements**

**THE ROYAL SOCIETY FOR THE CONSERVATION OF NATURE  
REGISTERED JORDANIAN SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**(1) GENERAL INFORMATION**

The Society was registered under No. (325) on 24 April 1966 under the Law of Societies and Social Organizations No. 33 of 1966 and its amendments.

The Society's objectives include:

- Protection of nature in cooperation with the Jordanian authorities and international and regional bodies concerned.
- Protecting the environment from pollution.
- Protection and propagation of wildlife by all possible means.
- Restore species of wildlife that have been extinct in the Kingdom and reproduce them and protect threatened species in their habitat.

The Society's head office is located in Al Jubeiha, Amman, the Hashemite Kingdom of Jordan.

The financial statements were approved by the Board of Directors of the Society on 9 April 2020.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The financial statements of The Royal Society for the Conservation of Nature have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS.

The Jordanian Dinar is the Society's functional and presentation currency.

The financial statements have been prepared according to the historical cost convention and going concern basis.

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

The accounting policies are consistent with those adopted in preparation of the financial statements for the year ended 31 December 2018, except for the implementation of what is stated in Note 2.2

## 2.2 Changes in accounting policy and disclosures

### 2.2.1 New standards and interpretations issued and adopted by the Company in the fiscal year beginning on 1 January 2019:

**Amendment to IFRS 9, "Financial Instruments"** - on prepayment features with negative compensation and modification of financial liabilities - This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- **IFRIC 23, 'Uncertainty over Income Tax Treatments'** – The interpretation address the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers
  - Whether tax treatments should be considered collectively
  - Assumptions for taxation authorities
  - The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates
  - The effect of changes in facts and circumstances
- **IFRS 16, "Leases"**

**Nature of change:** IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay leases are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors did not significantly change.

**Mandatory date of adoption by the Company:** Mandatory for financial years commencing on or after 1 January 2019.

**Impact:** The standard will affect primarily the accounting for the Company's operating leases.

Leases are recognized as assets of the right of use and corresponding liabilities on the date that the leased assets are available for use by the Company. Each lease payment is distributed between the obligation and the financing cost. The cost of financing is charged to profit or loss over the term of the lease to obtain a constant periodic rate of interest payable on the remaining balance of liabilities for each period. Amortisation is calculated on the assets of the right to use over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

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Assets and liabilities arising from rent are measured at their present value. leased assets include the net present value of the following lease payments:

- Fixed payments (including fixed payments in substance), less any lease incentives payable.
- Variable lease payments based on the index or the rate.
- Amounts expected to be paid by the lessee under residual value assurance.
- The exercise price of the purchase option if the lessee is reasonably sure of exercising this option.
- Payments for lease termination penalties, if the lease terms indicate the tenant's use of this option.

Operating lease commitments are measured at the present value of the remaining lease payments, where the lease payments are deducted using the interest rate included in the lease. If this rate can not be determined, the additional borrowing rate of the lessee, which is the rate at which the lessee must pay to borrow funds to obtain an asset of similar value in a similar economic environment, is used on similar terms and conditions.

The asset's right to use is measured at cost which includes:

- The initial amount of the lease obligation.
- any lease payments paid on or before the date of commencement of the contract less any lease incentives received.
- Any direct priority costs.
- The cost of the repairs to return the leased asset to its condition before the lease.

Payments relating to short term leases and low value assets are recognized on a straight line basis as an expense in profit or loss. Short-term leases are 12 months or less.

Impact: The standard did not have any impact on the Society's records, as the Society did not have any lease contracts with fixed substantial amounts as on or after 31 December 2019.

**2.2.2 New and amended standards and interpretations issued but not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Company:**

<b>New standards, amendments and interpretations</b>	<b>Effective for annual periods beginning on or after</b>
<p><b>Amendment to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'</b>- These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.</p>	<p>1 January 2020</p>
<p><b>Amendments to IFRS 10, Consolidated financial Statements and IAS 28</b>" investments in Associates and joint ventures regarding the accounting treatment of the sale of assets or the granting of them from an investor to their associate or joint venture, the effective date is deferred indefinitely.</p>	<p>Effective date is deferred indefinitely.</p>
<p><b>Amendments to IAS 1 and IAS 8 on the definition of material</b> - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.</p>	<p>1 January 2020</p>
<p><b>Amendments to IFRS 3, 'definition of a business'</b>-This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.</p>	<p>1 January 2020</p>

There are no other IFRSs or IFRIC interpretations that are ineffective and have a significant impact on the Company's financial statement.

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REGISTERED JORDANIAN SOCIETY  
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FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2.3 Foreign currency translation**

**(A) Functional and presentation currency**

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

**(B) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the Jordanian Dinar at prevailing period-end exchange rates. Foreign exchange gains and losses resulting from that are recognised in the statement of revenue and expenses.

**2.4 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount 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 Society and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

	<u>Useful life</u>
	Years
Motor vehicles	6-12
Buildings	40
Furniture	5-8
Leasehold improvements	Lease duration

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income

## 2.5 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed annually for impairment loss 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).

## 2.6 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 2.7).

## 2.7 Impairment of financial assets

The Society has one class of financial assets that are substantially subject to the new expected credit loss model, namely trade receivables.

Cash and cash equivalents and other debit balances are also subject to the impairment requirements of IFRS 9, but the impairment of these financial assets is not material.

### Trade receivables

The Society applies the simplified method under IFRS 9 to measure expected credit losses using provision for expected lifetime losses for all receivables.

In assessing expected credit losses, receivables are grouped based on common credit risk characteristics and default days.

The expected credit loss rates are based on the payment data for sales over the 12 months prior to each reporting date. Historical loss rates are adjusted to reflect current and future information on macroeconomic factors that affect the ability of customers to settle outstanding receivables.

Trade receivables are written off when there is no reasonable expectation that they will be recovered. The indicators include a reasonable expectation of redemption, among other things, the failure of any debtor to participate in the payment plan with the Society and his inability to make contractual payments in arrears for a period of more than 90 days.

In any subsequent period, reversal of the impairment loss previously recognized is included in the statement of revenue and expenses.

## 2.8 Cash and cash equivalents

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

## **2.9 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **2.10 Revenue recognition**

Starting from 1 January 2018, the Society adopted IFRS 15 "Revenue from Contracts with Customers".

### **2.10.1 Identify performance obligations**

The Society provides a set of environmental tourism services and entering the reserves. The Society sets performance obligations for these services that will be provided under the sales contract.

Revenue from services are reported by the Society when it is possible to estimate the outcome of the transaction reliably, by returning to the stage of completing the transaction at the date of the statement of financial position.

The Society recognizes revenue when it is possible to measure the value of revenue reliably and when it is likely that future economic benefits will flow to the Society and when specific criteria are met for each of the Society's activities according to what is shown below. The Society bases its estimates on historical results, taking into account the type of customer, the type of transaction, and the terms of each agreement.

### **2.10.2 A performance obligation satisfied at a point of time**

Revenue is recognized in the amount to which the Society is entitled to invoice. Customer invoices are issued on a daily basis, and the consideration is payable upon invoicing.

## **2.11 Offsetting**

A financial asset and financial liability is recognized and a net amount is recognized in the statement of financial position when there is a legally enforceable right to settle the recoverable amount and there is an intention to settle on a net basis or to sell the asset and settle the obligation at the same time.

## **2.12 Employees' benefits**

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



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**(3) FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Society's activities expose it to a variety of financial risks, including the risks of fluctuation in the market (which includes currency exchange risk), credit risk and liquidity risk. The Society's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Society's financial performance.

**(A) Market risk**

- Currency exchange risk

Most of the Society's transactions are in the Jordanian Dinar or the US Dollar. The exchange rate of the US dollar against the Jordanian Dinar is fixed, which does not expose the Society to currency exchange risk. There was no change in the exchange rate between the US dollar and the Jordanian Dinar during the year.

**(B) Credit risk**

Financial assets that are subject to credit risk are limited to cash and cash equivalents (Except for cash in the boxes) and deposits with banks and financial institutions. The Society only deals with financial institutions with high creditworthiness. Credit limits are regularly monitored. The Society is not exposed to credit risk as a result of its activity because most of its sales are made in cash.

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

	<u>Rating</u>	<u>2019</u>	<u>2018</u>
		JD	JD
Arab Bank	Ba2	4,108,504	2,222,243
Invest Bank	BB	1,337	46,560
Jordan Kuwait Bank	B+	5,212	8,862
Housing Bank for Trade & Finance	B1	-	9,564
		<u>4,115,053</u>	<u>2,287,229</u>

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**(C) Liquidity risk**

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

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

	<u>Less than one year</u> JD
<b>As at 31 December 2019</b>	
Outstanding cheques not yet disbursed	41,565
Bank overdraft	100,236
Trade and other payables	<u>985,355</u>
<b>As at 31 December 2018</b>	
Outstanding cheques not yet disbursed	99,864
Bank overdraft	84,733
Trade and other payables	<u>636,338</u>

**3.2 Fair value**

Financial assets comprise cash on hand and in banks, accounts receivable and some other receivables. Financial liabilities comprise accounts payable and some other payables.

The fair value of financial instruments does not materially differ from their carrying amount.

**3.3 Financial instruments by category**

	<u>2019</u> JD	<u>2018</u> JD
<b>Assets as per the statement of financial position</b>		
<b>Receivables at amortised cost</b>		
Trade and other receivables (excluding prepayments)	584,331	659,509
Cash on hand and at banks	41,542	60,480
	<u>625,873</u>	<u>719,989</u>
<b>Liabilities as per the statement of financial position</b>		
<b>Liabilities at amortised cost</b>		
Trade and other payables (excluding statutory liabilities and advances)	972,214	396,723
Bank overdraft	100,236	84,733
Outstanding cheques not yet disbursed	41,565	99,864
Due to related parties	1,689,836	1,975,237
	<u>2,803,851</u>	<u>2,556,557</u>

**(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

The Society 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 carrying amounts of assets and liabilities within the next financial year are addressed below.

**(A) Provision for expected credit loss**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Society uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Society's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 2.7).

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**(5) PROPERTY, PLANT AND EQUIPMENT**

2019	Lands and forests (*)	Motor vehicles	Buildings	Furniture	Leasehold improvements	Total
	JD	JD	JD	JD	JD	JD
<b>Cost</b>						
Balance as at 1 January	304,123	937,000	5,339,634	-	25,555	6,606,312
Additions	-	288,692	-	7,547	-	296,239
<b>Balance as at 31 December</b>	<b>304,123</b>	<b>1,225,692</b>	<b>5,339,634</b>	<b>7,547</b>	<b>25,555</b>	<b>6,902,551</b>
<b>Accumulated depreciation</b>						
Balance as at 1 January	-	199,204	540,372	-	1,893	741,469
Depreciation for the year	-	133,308	133,491	694	6,161	273,654
<b>Balance as at 31 December</b>	<b>-</b>	<b>332,512</b>	<b>673,863</b>	<b>694</b>	<b>8,054</b>	<b>1,015,123</b>
<b>Net book value 2019</b>	<b>304,123</b>	<b>893,180</b>	<b>4,665,771</b>	<b>6,853</b>	<b>17,501</b>	<b>5,887,428</b>

2018	Lands and forests (*)	Motor vehicles	Buildings	Leasehold improvements	Total
	JD	JD	JD	JD	JD
<b>Cost</b>					
Balance as at 1 January	304,123	824,150	5,339,634	-	6,467,907
Additions	-	112,850	-	25,555	138,405
<b>Balance as at 31 December</b>	<b>304,123</b>	<b>937,000</b>	<b>5,339,634</b>	<b>25,555</b>	<b>6,606,312</b>
<b>Accumulated depreciation</b>					
Balance as at 1 January	-	91,381	406,881	-	498,262
Depreciation for the year	-	107,823	133,491	1,893	243,207
<b>Balance as at 31 December</b>	<b>-</b>	<b>199,204</b>	<b>540,372</b>	<b>1,893</b>	<b>741,469</b>
<b>Net book value 2019</b>	<b>304,123</b>	<b>737,796</b>	<b>4,799,262</b>	<b>23,662</b>	<b>5,864,843</b>

(\*) In the section of lands and forests, a plot of land on which a building is located in the Dana Reserve is registered in the name of the society and another owner, each according to the percentage of his ownership in this land.

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**(6) INVENTORIES**

	<u>2019</u> JD	<u>2018</u> JD
Finished materials	145,160	141,121
Less: provision for slow-moving inventories	<u>(4,790)</u>	<u>(4,790)</u>
	<u>140,370</u>	<u>136,331</u>

**(7) ACCOUNTS RECEIVABLE - RESTRICTED PROJECTS**

	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
	Agreement value JD	Amount received JD	Remaining amount JD	Remaining amount JD
Houbara project	3,503,500	2,284,200	1,219,300	2,951,400
Green Infrastructure Improvement Project	4,494,472	3,962,407	532,065	435,468
The Path to Self-Reliance and Capacity Development for the Royal Society for the Conservation of Nature - USAID	2,480,712	177,000	2,303,712	-
Ishtafina Park project	530,000	370,990	159,010	462,290
Environmental Inn project in Bani Kinanah	425,000	425,000	-	175,000
Project to develop a vital sector of the Arabian Oryx in the Shomari Reserve.	420,602	420,602	-	-
Development and promotion of adventure tourism	284,511	99,853	184,658	-
Integrated management project for Al-Mowjeb water basin	269,955	158,279	111,676	-
Jordan Valley Links project	246,646	217,161	29,485	118,004
Integrated Management Project For water resources in the Yarmouk Reserve	193,681	47,572	146,109	163,613
The project to integrate the protection of migratory birds in the main productive sectors along the path of the Collapse pit	191,490	119,971	71,519	-
Mainstreaming the concept of important biodiversity areas for plants within the framework of the National Plan for the Conservation of Natural Values	117,653	53,877	63,776	-
Other			<u>93,317</u>	<u>58,498</u>
			<u>4,914,627</u>	<u>4,364,273</u>

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**(8) TRADE AND OTHER RECEIVABLES**

	<u>2019</u>	<u>2018</u>
	JD	JD
Trade receivables	306,656	289,394
Less: provision for expected credit loss (*)	<u>(37,164)</u>	<u>(39,719)</u>
Trade Receivables, Net	269,492	249,675
Shiba Project receivable - the client's company	248,841	176,620
Receivables of falconers experts	-	139,004
Prepayments	74,013	70,919
Employees Advances	26,459	34,828
Credit cards	3,014	10,326
Other	36,525	49,056
	<u>658,344</u>	<u>730,428</u>

(\*) Movement in the provision for expected credit loss is as follows:

	<u>2019</u>	<u>2018</u>
	JD	JD
Balance as at 1 January	39,719	39,719
Reversal from the provision	<u>(2,555)</u>	-
Balance as at 31 January	<u>37,164</u>	<u>39,719</u>

**(9) CASH AT BANKS AGAINST GRANTS OF RESTRICTED PROJECTS**

	<u>2019</u>	<u>2018</u>
	JD	JD
The Restoration of the Houbara Bustard in the Hashemite Kingdom of Jordan	1,418,602	166,375
Improvement of Green Infrastructure in Jordan through Labor Intensive Measures project	1,229,790	1,466,735
Project to develop a vital herd of the Arabian Oryx in the Shaumari Reserve	420,602	-
Building of an environmental camp in the Bani Kenana	367,974	307,441
Towards Sustainable Management of the Mujib River Basin	131,596	-
Programme Development and Promotion of Mediterranean Sustainable Adventure Tourism	98,048	-
Mainstreaming migratory soaring birds conservation	76,585	-
USAID Biodiversity Conservation Program		
(A Journey to Self-Reliance - Capacity Development of the Royal Society for the Conservation of Nature (RSCN) )	22,640	-
Mainstreaming Plant Key Biodiversity Areas into the National Conservation Planning Framework	13,786	-
Integrated water conservation and management in Yarmouk nature reserve	12,386	23,336
Ishtafina Park project	9,921	51,708
Jordan Valley Links project	-	44,693
Other	124,225	163,351
	<u>3,926,155</u>	<u>2,223,639</u>

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**(10) CASH ON HAND AND AT BANKS**

	<u>2019</u>	<u>2018</u>
	JD	JD
Cash on hand	10,827	12,323
Current accounts at banks - JD	188,898	53,140
Current accounts at banks - other currencies	-	123
Deposit at bank	-	10,327
	<u>199,725</u>	<u>75,913</u>

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

	<u>2019</u>	<u>2018</u>
	JD	JD
Cash on hand and at banks	199,725	75,913
Bank overdraft	<u>(100,236)</u>	<u>(84,733)</u>
	<u>99,489</u>	<u>(8,820)</u>

**(11) DEFERRED GRANT INCOME**

	<u>2019</u>	<u>2018</u>
	JD	JD
<b>Cost</b>		
Balance as at 1 January	6,302,189	6,163,784
Additions	<u>184,492</u>	<u>138,405</u>
<b>Balance as at 31 December</b>	<u>6,486,681</u>	<u>6,302,189</u>
<b>Accumulated amortisation</b>		
Balance as at 1 January	741,469	498,262
Amortisation	<u>260,648</u>	<u>243,207</u>
Balance as at 31 January	<u>1,002,117</u>	<u>741,469</u>
<b>Net</b>	<u>5,484,564</u>	<u>5,560,720</u>
Current portion	<u>279,838</u>	<u>256,777</u>
Non-current portion	<u>5,204,726</u>	<u>5,303,943</u>

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**(12) RESTRICTED PROJECTS GRANTS**

Project name	Agreement value JD	Amount disbursed JD	Remaining amount JD	2018
The Restoration of the Houbara Bustard in the Hashemite Kingdom of Jordan	3,503,500	962,973	2,540,527	3,169,305
Improvement of Green Infrastructure in Jordan through Labor Intensive Measures project	4,494,472	2,759,672	1,734,800	1,892,339
USAID Biodiversity Conservation Program (A Journey to Self-Reliance - Capacity Development of the Royal Society for the Conservation of Nature (RSCN) )	2,480,712	154,735	2,325,977	-
Ishtafina Park project	530,000	382,639	147,361	513,431
Building of an environmental camp in the Bani Kenana	425,000	57,426	367,574	455,291
Project to develop a vital herd of the Arabian Oryx in the Shaumari Reserve	420,602	-	420,602	-
Programme Development and Promotion of Mediterranean Sustainable Adventure Tourism	284,511	7,494	277,017	-
Towards Sustainable Management of the Mujib River Basin	269,955	45,666	224,289	-
Jordan Valley Links project	246,646	246,646	-	155,225
Integrated water conservation and management in Yarmouk nature reserve	193,681	39,740	153,941	167,214
Mainstreaming migratory soaring birds conservation	191,490	39,866	151,624	-
Mainstreaming Plant Key Biodiversity Areas into the National Conservation Planning Framework	117,653	45,752	71,901	-
Other			366,451	360,856
			<u>8,782,064</u>	<u>6,713,661</u>

**(13) BANK OVERDRAFT**

This item represents bank facilities granted by the Arab Bank at a rate of 3,125% per annum and a ceiling of JD 100,000.

**(14) TRANSACTIONS WITH RELATED PARTIES**

Parties are considered as related parties when they have control over the other party or influence over its financial and operational decisions.

Year-end balances resulting from transactions with related parties amounted to:

	2019 JD	2018 JD
<b>Due to related parties</b>		
Jordan Nature Fund *	1,450,390	1,619,362
Provident fund	239,446	355,875
	<u>1,689,836</u>	<u>1,975,237</u>



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\* The details of movement in the Jordan Nature Fund is as follows:

	<u>2019</u> JD	<u>2018</u> JD
Balance at beginning of the year	1,619,362	1,813,033
Society's withdrawals	<u>150,000</u>	<u>-</u>
	1,769,362	1,813,033
Audit fees of the Fund	(2,000)	(4,640)
Profit for the year transferred to the Society	<u>(316,972)</u>	<u>(189,031)</u>
Balance at end of the year	<u>1,450,390</u>	<u>1,619,362</u>

The Jordan Nature Fund was established under the agreement signed between the Ministry of Finance and the Royal Society for the Conservation of Nature on 23 July 2002 from the US Grant Funds. The terms of this grant includes that the Fund's assets are to be managed and invested by a Jordanian company from the private sector. The Royal Society for the Conservation of Nature, however, shall use the returns from such investment to finance its activities. The Fund's capital amounted to JD 5,950,000 as at 31 December 2019.

**(15) TRADE AND OTHER PAYABLES**

	<u>2019</u> JD	<u>2018</u> JD
Trade receivables	682,709	402,061
Accrued expenses	161,161	143,374
Provision for lawsuits	99,459	34,361
Revenue received in advance	13,141	5,338
Other	<u>82,885</u>	<u>51,204</u>
	<u>985,355</u>	<u>636,338</u>

**(16) RESERVES AND ECOTOURISM**

	<u>2019</u> JD	<u>2018</u> JD
Entrance and accommodation	1,554,950	1,339,477
Food and beverage	430,875	366,116
Other	<u>57,965</u>	<u>25,664</u>
	<u>2,043,790</u>	<u>1,731,257</u>

**(17) PROJECTS REVENUE**

Projects revenue represents net income from projects activities provided by the Society in the form of miscellaneous services and administrative fees payable after deducting all costs associated with the project.

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**(18) OTHER INCOME**

	<u>2019</u>	<u>2018</u>
	JD	
Licensing income	19,210	17,020
Subscriptions	11,391	4,931
Other services	10,088	8,483
	<u>40,689</u>	<u>30,434</u>

**(19) ADMINISTRATIVE EXPENSES**

	<u>2019</u>	<u>2018</u>
	JD	JD
Basic salaries expenses	2,136,720	2,008,233
Society's social security contribution	298,970	261,084
Depreciation for property, plant and equipment	273,654	243,207
Vehicles expenses	205,345	212,313
Electricity and water	174,805	118,433
Medical insurance	169,178	131,046
Food and beverages	148,901	148,576
Rent expense	123,909	91,666
Activities and programs	88,963	60,388
Attorneys' fees and legal expenses	82,787	-
Daily wages	82,663	60,171
Provident fund	81,929	73,385
Maintenance	80,939	72,472
Cleaning	58,975	51,740
Telecommunications	35,388	37,110
Consumable tools and equipment	32,811	46,642
Development of tourist facilities	29,437	36,573
Heating and fuel	28,278	21,272
Stationery and printings	28,087	23,721
Training courses	25,634	23,698
Professional fees	3,001	26,477
Other	256,482	117,588
	<u>4,446,856</u>	<u>3,865,795</u>

**(20) CRAFT COST OF SALE**

	<u>2019</u>	<u>2018</u>
	JD	JD
Inventories at the beginning of the year	141,121	157,944
Purchases	222,389	262,814
Less: inventories at the end of the year	<u>(145,160)</u>	<u>(141,121)</u>
	<u>218,350</u>	<u>279,637</u>

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**(21) SELLING AND MARKETING EXPENSES**

	<u>2019</u>	<u>2018</u>
	JD	
Selling commissions	120,794	127,772
Promotion of tourist sites	43,064	31,479
Advertising, exhibitions and concerts	9,660	4,972
	<u>173,518</u>	<u>164,223</u>

**(22) CONTINGENT LIABILITIES**

**Bank guarantees**

As of the date of the statement of financial position, the Society has contingent liabilities for bank guarantees of JD 1,700 (2018: JD 6,000).

**Lawsuits**

As stated in the lawyer's letter, there are lawsuits filed against the Society amounting JD 77,889, and these lawsuits are still before the competent courts. Management written off JD 12,790 provisions to lawsuits that were settled during the year.

**(23) TAX STATUS**

The Society submitted the self-assessment reports to the Income and Sales Tax Department for the years 2015, 2016, 2017 and 2018. and submit sales tax returns until December 31, 2019 and pay the amount dues. Income and Sales Tax Department reviewed the accounting records of the Society until 2017.

**(24) COMPARATIVE FIGURES**

Certain comparative figures for the year ended December 31, 2018 have been reclassified to conform with the presentation of the financial statements for the year ended December 31, 2019.

**(25) SUBSEQUENT EVENTS**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The Society considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Society. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the Society's IFRS 9 estimates of expected credit loss provisions in 2020.