

International Institute for Nonviolent Action (Novact)

(Foreign non-operating branch)

Amman - Jordan

**Financial Statements
For the Year Ended December 31, 2021**

**Together with the
Independent Auditor's Report**

International Institute for Nonviolent Action (Novact)
Amman - Jordan
(Foreign non-operating branch)

<u>Contents</u>	<u>Page</u>
Independent auditor's report	3 - 4
Statement of financial position	5
Statement of activities	6
Statement of changes in head office account	7
Statement of cash flows	8
Notes to financial statements	9 - 13



Independent Auditor's Report

Messer's International Institute for Nonviolent Action (Novact)
(Foreign non-operating branch)
Amman - Jordan
Report on the Audit of the Financial Statements

Opinion

We have audited the company's financial statements of which comprise the statement of financial position as at December 31, 2021, the statement of activities, the statement of changes in head office account and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the company financial statements present fairly, in all material respects, the financial position of the branch as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The company has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend approving these financial statements.

Omar Abu-Hijleh, CPA
Amman - Jordan
June 1, 2022



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Amman - Jordan

Statement of Financial Position

	<u>Note</u>	<u>As at December 31</u>	
		<u>2021</u>	<u>2020</u>
		<u>JD</u>	<u>JD</u>
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	(3)	120	270
Other debit balances	(4)	-	4,689
Total Assets		120	4,959
<u>Liabilities and Head office account</u>			
Current liabilities			
Accounts payable		-	1,562
Total current Liabilities		-	1,562
Head office account			
Head office account		78,253	54,867
Accumulated deficit		(78,133)	(51,470)
Total Head office account		120	3,397
Total Liabilities and Head office account		120	4,959

The accompanying notes are an integral part of these financial statements.

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Statement of Activities

		<u>For the year ended December 31</u>	
	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		JD	JD
Direct expenses	(5)	(4,088)	(4,222)
General and administrative expenses	(6)	(22,575)	(18,030)
Deficit for the year		<u>(26,663)</u>	<u>(22,252)</u>

The accompanying notes are an integral part of these financial statements.

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Amman - Jordan
Statement of Changes in Head Office Account

<u>For the year ended December 31, 2021</u>	<u>Accumulated deficit</u>	<u>Head office account</u>	<u>Total</u>
	JD	JD	JD
Balance as at January 1, 2021	(51,470)	54,867	3,397
Deficit for the year	(26,663)	-	(26,663)
Head office account	-	23,386	23,386
Balance as of December 31, 2021	(78,133)	78,253	120

<u>For the year ended December 31, 2020</u>	<u>Accumulated deficit</u>	<u>Head office account</u>	<u>Total</u>
	JD	JD	JD
Balance as at January 1, 2020	(29,218)	29,176	(42)
Deficit for the year	(22,252)	-	(22,252)
Head office account	-	25,691	25,691
Balance as of December 31, 2020	(51,470)	54,867	3,397

The accompanying notes are an integral part of these financial statements.

International Institute for Nonviolent Action (Novact)
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Amman - Jordan
Statement of Cash Flows

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	JD	JD
<u>Cash Flows from Operating Activities:</u>		
Deficit for the year	(26,663)	(22,252)
Other debit balances	4,689	(4,689)
Accounts payable	(1,562)	1,520
Net cash flows used in operating activities	<u>(23536)</u>	<u>(25,421)</u>
<u>Cash Flows from financing Activities:</u>		
Head office account	23,386	25,691
Net cash flows used in financing activities	<u>23,386</u>	<u>25,691</u>
Net(decrease) increase in cash and cash equivalents	(150)	270
Cash and cash equivalent at beginning of year	270	-
Cash and cash equivalents end of year	<u>120</u>	<u>270</u>

The accompanying notes are an integral part of these financial statements.

**International Institute for Nonviolent Action (Novact)
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**Amman - Jordan
Notes forming to the financial statements**

1) General

International Institute for Nonviolent Action (Novact) company was registered at the ministry of industry and trade under No. (2968) on 31 December 2018. The company's head office is located in Spain - Barcelona.

- Head office activities and objectives:

- The promotion of nonviolence and the culture of peace as a strategy for the transformation of conflicts and reduction of the structural causes that cause them.
- Novact struggles to achieve a society based on human security and nonviolence, as well as a society free of armed conflicts and violence in all its dimensions.
- Understanding nonviolence as a strategy for transformation and contribute to a peaceful, just, and dignified world.

2) Accounting policies

Basis of preparation and measurement

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

- The financial statements are prepared in accordance with International financial Reporting Standards.
- The financial statements are presented in Jordanian Dinars, which is also the Company's functional and presentation currency.
- The financial statements have been prepared at historical cost basis, except for financial assets which are presented at fair value in financial statements.

Recognition of grants and expenses

Collections are recognized by the fair value for the received amounts.

Foreign currencies

Foreign currencies transactions are recorded in Jordanian Dinars at the approximate rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities in foreign currency at the financial position date are translated at the year-end rates of exchange. Exchange differences are reported as part of the result for the period.

Cash and cash equivalents

Include cash on hand and at banks with original of maturities of the three months or less.

3) Cash and cash equivalent

This item consists of the following:

	As at December 31	
	2021	2020
	JD	JD
Cash on hand	120	270
	<u>120</u>	<u>270</u>

4) Other debit balances

This item consists of the following:

	As at December 31	
	2021	2020
	JD	JD
Prepaid rent	-	4,667
Other	-	22
	<u>-</u>	<u>4,689</u>

5) Direct expenses

This item consists of the following:

	As at December 31	
	2021	2020
	JD	JD
Advertisements	2,988	974
Translation services	421	96
Travel expenses	679	3,152
	<u>4,088</u>	<u>4,222</u>

6) General and administrative expenses

This item consists of the following:

	As at December 31	
	2021	2020
	JD	JD
Office rent expense	5,067	4,083
Office maintenance	4,708	1,850
Professional expenses	7,695	3,527
Utilities	486	593
Telephone and internet	300	498
Stationary	1,836	1,616
Travel expenses	1,511	5,673
Tax expenses	247	-
Bank Commissions	129	-
Other	596	190
	<u>22,575</u>	<u>18,030</u>

7) FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This item consists of the following:

	2021	2020
	JD	JD
<u>Financial assets</u>		
Other debit balances	-	4,689
Cash and cash equivalent	120	270
	<u>120</u>	<u>4,959</u>
	2021	2020
	JD	JD
<u>Financial liabilities</u>		
Financial liabilities		
Accounts payable	-	1,562
	<u>-</u>	<u>1,562</u>

8) FINANCIAL INSTRUMENTS

In its business operations and financing activities the Company is subject in particular to fluctuations in exchange rates and interest rates. It is the Company's policy to exclude, or at least limit, these risks by entering into hedge transactions. Application of the segregation-of-duties approach ensures that there is an adequate split between the trading and execution functions. The segregation-of-duties approach is implemented by spreading functions across the Management Board (financial reporting) and the corporate departments (operational handling). All derivatives transactions are entered into only with banks of the highest possible credit rating.

MARKET RISKS

Foreign exchange rate risks

Foreign exchange rate risks under the terms of IFRS 7 are created by financial instruments which are denominated in a currency different to the functional currency and are of a monetary nature. Exchange rate-related differences when converting financial statements into the Company currency are ignored. All non-functional currencies in which the Company enters into financial instruments are classed, as a matter of principle, as relevant risk variables.

The existing foreign exchange forward contracts and cross-currency swaps safeguard our currency hedging strategy. Within the Company, the primary monetary financial instruments are either denominated directly in functional currency or are largely transferred into the functional currency by means of derivatives. In view of the usually short-term maturity of the instruments too, possible changes in exchange rates have only very minor effects on earnings or equity.

For the purposes of sensitivity analysis, foreign exchange rate risks arising from monetary financial instruments which were not concluded in the functional currencies of the individual member companies of the Company are included in the analysis.

The sensitivity effects in 2020 primarily related to the Euros. The US dollar is pegged to Jordanian Dinars insignificant sensitivity effects. No concentrations of risk exist.

Interest rate risks

The interest rate risk of the Company is based on financial liabilities with floating interest rates (as well as the short-term credit lines). The existing interest rate swaps serve to safeguard our financing and interest rate hedging strategy. Agreements exist in respect of swaps from variable to fixed interest rates in order to exclude the risk of fluctuation in market interest rates.