



International Institute for Nonviolent Action (Novact)

**Amman - Jordan
(Foreign non-operating branch)**

Amman - Jordan

**Financial Statements
For the Year Ended December 31, 2020**

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

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

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**Financial Statements
For the Year Ended December 31, 2020**

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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, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Other Matter

The Financial statements of the Company for the year ended December 31, 2019 were audited by another auditor which issued an unmodified opinion on those statements on June 25, 2020.

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.

Amman - Jordan
June 21, 2021



Omar Abu - Hijleh
Licence No 853

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

Amman - Jordan

Statement of Financial Position

	<u>Note</u>	<u>As at December 31</u>	
		<u>2020</u>	<u>2019</u>
		<u>JD</u>	<u>JD</u>
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	(3)	270	-
Other debit balances	(4)	4,689	-
Total Assets		4,959	-
<u>Liabilities and Head office account</u>			
Current liabilities			
Accounts payable		1,562	42
Total current Liabilities		1,562	42
Head office account			
Head office account		54,867	29,176
Accumulated deficit		(51,470)	(29,218)
Total Head office account		3,397	(42)
Total Liabilities and Head office account		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>2020</u>	<u>2019</u>
		JD	JD
Direct expenses	(5)	(4,222)	(9,176)
General and administrative expenses	(6)	(18,030)	(20,042)
Deficit for the year		<u>(22,252)</u>	<u>(29,218)</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

For the year ended December 31, 2020	Accumulated deficit	Head office account	Total
	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

For the year ended December 31, 2019	Deficit for the year	Head office account	Total
	JD	JD	JD
Balance as at January 1, 2019			
Deficit for the year	(29,218)	-	(29,218)
Head office account	-	29,176	29,176
Balance as of December 31, 2019	(29,218)	29,176	(42)

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

	For the Year Ended December 31	
	2020	2019
	JD	JD
<u>Cash Flows from Operating Activities:</u>		
Deficit for the year	(22,252)	(29,218)
Other debit balances	(4,689)	-
Accounts payable	1,520	42
Net cash flows used in operating activities	(25,421)	(29,176)
<u>Cash Flows from financing Activities:</u>		
Head office account	25,691	29,176
Net cash flows used in financing activities	25,691	29,176
Net increase in cash and cash equivalents	270	-
Cash and cash equivalent at beginning of year	-	-
Cash and cash equivalents end of year	270	-

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	
	2020	2019
	JD	JD
Cash on hand	270	-
	<u>270</u>	<u>-</u>

4) Other debit balances

This item consists of the following:

	As at December 31	
	2020	2019
	JD	JD
Prepaid rent	4,667	-
Other	22	-
	<u>4,689</u>	<u>-</u>

5) Direct expenses

This item consists of the following:

	As at December 31	
	2020	2019
	JD	JD
Advertisements	974	330
Training	-	227
Translation services	96	1,200
Conferences	-	4,819
Travel expenses	3,152	2,600
	<u>4,222</u>	<u>9,176</u>

6) General and administrative expenses

This item consists of the following:

	As at December 31	
	2020	2019
	JD	JD
Office rent expense	4,083	7,140
Office maintenance	1,850	1,944
Professional expenses	3,527	5,602
Utilities	593	927
Telephone and internet	498	492
Stationary	1,616	1,599
Travel expenses	5,673	-
Other	190	2,338
	<u>18,030</u>	<u>20,042</u>

7) FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This item consists of the following:

	2020	2019
	JD	JD
<u>Financial assets</u>		
Other debit balances	4,689	-
Cash and cash equivalent	270	-
	<u>4,959</u>	<u>-</u>
	2020	2019
	JD	JD
<u>Financial liabilities</u>		
Financial liabilities		
Accounts payable	1,562	42
	<u>1,562</u>	<u>42</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.

Changes in market

interest rates affect the interest results of variable-rate primary financial instruments of which the interest payments are not hedged by derivatives, and consequently are included in the calculation of earnings-related sensitivity.

Changes in market interest rates of interest rate derivatives (interest rate swaps, interest rate/currency swaps) which are not embedded in a hedging relationship pursuant to IAS 39 have effects on financial income and expenses (net valuation based on adjustment of financial assets to applicable fair value) and so are included in the calculation of earnings-related sensitivity.

The effects of changes in market interest rates of interest rate derivatives to which hedge accounting is applied are recognized in the OCI. Quantification of risk of change in interest rate in case of interest rate shifts of +/- 100 base points:

Liquidity risks

The liquidity risk is managed by means of business planning, which ensures that the necessary funds to finance operating activities and current and future capital investments are made available at the appropriate time, in the required currency, and at optimum cost. In liquidity risk management, the liquidity requirement arising from operating activities, from investment activities and from other financial measures is determined in the form of a banking report and a liquidity plan. Liquidity is guaranteed at all times by means of a liquidity forecast focused on a fixed planning horizon and by unused lines of credit and guarantee facilities.

Risk of default

The risk of default is managed at Company level. Default risks arise from cash and cash equivalents, derivative financial instruments and deposits at banks and financial service companies. Only banks and financial services companies with the highest possible credit ratings are selected as partners. No credit limit was exceeded in the reporting period. The management expects no defaults on the part of these business partners.

The risk of default on financial assets exists in terms of the risk of failure of a contract party and thus to a maximum in the amount of the carrying amount of the exposure to the said party. The risk arising from primary financial instruments is countered by means of valuation allowances for bad debt, and also by means of credit insurance cover. As derivative financial instruments are entered into only with banks with the highest possible credit ratings, and the risk management system sets limits for each party, the actual risk of default is negligible. No concentrations of risk exist.