

**Regional Center for Quality and Excellence
in Public Education
Non profit organisation
JUBAIL - SAUDI ARABIA**

**THE FINANCIAL STATEMENTS
For the year ended 31 December 2021
WITH INDEPENDENT AUDITOR'S REPORT**

Regional Center for Quality and Excellence in Public Education

Non profit organisation

FINANCIAL STATEMENTS

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals

	Page
Independent auditor's report	1 - 3
Statement of financial position	4
Statement of Activities	5
Statement of cash flows	6
Notes to financial statements	7 - 16

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Regional Center for Quality and Excellence in Public Education
Non profit organisation
Statement of financial position
As at 31 December 2021
Expressed in Saudi Arabian Riyals

Assets	Note	2021	2020
Current assets			
Cash and cash equivalents	(4)	8,443,409	15,589,988
Advances, prepayments & other current assets	(5)	123,445	197,046
Total current assets		8,566,854	15,787,034
Non-current assets			
Property, plant and equipment - net	(6)	113,918	127,032
Long term investments	(7)	1,500,000	1,500,000
Total assets		10,180,772	17,414,066
Liabilities & Net Assets			
Current liabilities			
Other current liabilities	(8)	88,473	67,830
Total current liabilities		88,473	67,830
Non-current liabilities			
Employee benefits obligation	(9)	88,225	-
Total non-current liabilities		88,225	-
Total liabilities		176,698	67,830
Net Assets			
Unrestricted net assets		8,171,779	15,513,941
Net restricted assets		1,832,295	1,832,295
Total Net Assets		10,004,074	17,346,236
Total liabilities & Net Assets		10,180,772	17,414,066

The notes from (1) to (13) form an integral part of these financial statements.

Regional Center for Quality and Excellence in Public Education

Non profit organisation

Statement of Activities

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals

	Note	Unrestricted	Restricted	2021	2020
Revenue and gain					
Annual contribution		-	-	-	10,000,000
Project revenue		1,135,201	-	1,135,201	2,531,881
Income from investment		105,000	-	105,000	495,000
Total Revenues and gains		1,240,201	-	1,240,201	13,026,881
Expenses and losses					
Activities expenses	(10)	(4,026,038)	-	(4,000,738)	(2,877,386)
General and administrative expenses	(11)	(4,488,439)	-	(4,513,739)	(5,509,037)
Administrative depreciation	(6)	(67,886)	-	(67,886)	(174,223)
Amortization of intangible assets		-	-	-	(623)
Total expenses and losses		(8,582,363)	-	(8,582,363)	(8,561,269)
Change in net assets from continuing activities		(7,342,162)	-	(7,342,162)	4,465,612
Extraordinary Items					
Capital losses		-	-	-	(1,627,710)
Change in net assets of extraordinary items		(7,342,162)	-	-	(1,627,710)
Change in net assets		(7,342,162)	-	(7,342,162)	2,837,902
Net assets at the beginning of the year		15,513,941	1,832,295	17,346,236	14,508,334
Net assets at the end of the year		8,171,779	1,832,295	10,004,074	17,346,236

The notes from (1) to (13) form an integral part of these financial statements.

Regional Center for Quality and Excellence in Public Education
Non profit organisation
Statement of cash flows
For the year ended 31 December 2021
Expressed in Saudi Arabian Riyals

	2021	2020
<u>Cash flow from operating activities</u>		
Change in net assets for the year	(7,342,162)	2,837,902
<u>Adjustments for a net assets with net cash from operating activities</u>		
Depreciation of property, plant & equipment	67,886	174,223
Amortization of intangible assets	-	623
(Gain) from Investment	(105,000)	(495,000)
Loss from disposal of property, plant & equipment	-	1,627,710
<u>Change in assets and operating liabilities</u>		
Advances, prepayments and other current assets	73,601	90,133
Other current liabilities	20,643	27,830
Provision for end-of-service benefits	88,225	-
Net cash flows (utilised in) available from operating activities	(7,196,807)	4,263,421
<u>Cash flow from investing activities</u>		
Additions to property, plant and equipment	(54,772)	-
Proceeds from disposal of investments	105,000	3,495,000
Interest received on investments	-	(1,500,000)
Net cash flows available from investing activities	50,228	1,995,000
<u>Cash flow from financing activities</u>		
Net change in cash and cash equivalent	(7,146,579)	6,258,421
Cash and cash equivalents at beginning of the year	15,589,988	9,331,567
Cash and cash equivalents at end of the year	8,443,409	15,589,988

The notes from (1) to (13) form an integral part of these financial statements.

Regional Center for Quality and Excellence in Public Education

Non profit organisation

Notes to financial statements

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals

1 ESTABLISHMENT AND ACITIVITY

Center Name: The Regional Center for Quality and Excellence in Public Education.

The center was established under the auspices of the United Nations Educational, Cultural and Scientific Organization (UNESCO) in accordance with the founding agreement concluded on 21/10/2014 AD between the government of Kingdom of Saudi Arabia and UNESCO, based on the approval of the High Commissioner for the center's project under letter No. 37910 dated 17/09/1435 AH .

The head of the center: the head of the center is located in the Jubail city - Kingdom of Saudi Arabia, Where as it can be transferred to any other cities or affiliated agencies or adopt activities for it inside or outside the Kingdom by a decision of the board of directors.

The Center is an independent legal person and endures a legal capacity necessary to exercise its functions in accordance with the laws in force in the Kingdom.

Objectives of the Center: The identity of the Center is determined by being a service provider, setting standards, and a research center in the field of quality and excellence in education. In order to achieve this, the Center seeks to:

- Spreading awareness of issues of quality and excellence in education
- Supporting good practices in improving and applying quality in education
- Reference comparison of the existing practices in the field of quality with those applied globally
- Develop and apply best practices and scientific ideas in the field of teaching and learning.

- Searching for creative solutions and ideas within the framework of the strategic development of the educational process.
- To be a center of expertise specialized in the field of quality and excellence in education for Arab countries and a developer of human resources in this field.
- Develop research programs in global applications of educational quality implemented through partnerships with distinguished institutions. With the aim of developing educational stages and world-class training programs.

Regional Center for Quality and Excellence in Public Education

Non profit organisation

Notes to financial statements

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals

Center tasks:

In order for the center to achieve its objectives, its tasks are defined in the following:

- Supporting scientific research in the service of improving quality and excellence in education systems
- Developing capabilities and training initiatives to reorient existing educational programs to serve quality and excellence.
- Creating and strengthening a network of relationships between relevant institutions and individuals to exchange knowledge, technical information, policies, and good practices in the field of educational quality and excellence.
- Organizing knowledge transfer processes through local, regional and international seminars and workshops, and participating in activities to raise awareness of the importance of targeted educational quality for various beneficiaries.
- Providing technical advisory services in the field of educational excellence and quality.
- Producing research, technical and media reports related to the nature of the center and its activities.

The center's fiscal year begins in accordance with the fiscal year of the Kingdom's government, and ends on the date of referred to the end of referred to the aforementioned fiscal year.

2 BASIS OF ACCOUNTING AND PREPARATION

2-1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for Small and Medium-sized Entities (SMEs) as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by Saudi Organization for For Auditors and Accountants (SOCPA) (hereinafter referred to as "IFRS for SME as endorsed in KSA").

2-2 BASIS OF MEASUREMENT

The financial statements of the Center are prepared in accordance with the principle of historical cost basis using the accrual basis of accounting .

Except for the cash in come on cash basis, while the in - kind ones are measured at fair Value

2-3 FUNCTIONAL AND PRESENTATIONAL CURRENCY

Items included in the financial statements of the center are recorded at Saudi Riyals (SAR) which is the functional and presentation currency of the Establishment.

Regional Center for Quality and Excellence in Public Education

Non profit organisation

Notes to financial statements

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals

3 SIGNIFICANT ACCOUNTING POLICIES

3-1 The use of estimates in preparing financial statements

The preparation of financial statements, in accordance with generally accepted accounting standards, requires the use of estimates and judgments that affect the amounts of assets and liabilities that are presented, the disclosure of potential assets and liabilities as at the date of the financial statements, and the amounts of revenues and expenses that were presented during the year of issuance of the financial statements.

3-2 Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash in hand, short-term Murabaha and short-term investments that are convertible into specified amounts of cash and whose original maturities are three months or less.

3-3 . Incorrect name

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes all expenses that can be directly related to bringing the asset to the location and condition necessary for it to be able to operate in the manner intended by management.

The replacement cost is capitalized by adding it to the carrying amount of the asset if the replacement of the part is expected with additional future benefits, provided that the carrying amount of that part of the replaced asset is written off.

All other repair and maintenance expenses are charged to profit or loss during the period in which they are incurred.

Land and works under construction are not depreciated. Depreciation is charged to other assets by determining the cost of those assets less their residual value and distributing them over the estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

20%	Vehicles
20%	Computers
20%	Office equipment
20%	Furniture and fixtures

Regional Center for Quality and Excellence in Public Education

Non profit organisation

Notes to financial statements

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals

3-4 investments

Associates are entities over which the company exercises significant influence through the ability to participate in the financial and operating policy decisions of the investee company, and this usually occurs when the company owns between 20% to 50% of the voting rights of the investee company.

Research and development expenditures are charged to “administrative expenses” in the income statement, when and when they are incurred.

3-5 Other current liabilities

It is accounted for at cost less any accumulated impairment losses. Dividend income from investments in associates is recognized in the statement of comprehensive income and included in other income when the company's right to receive payment is established.

3-6 Its a non profit globalization

The Center uses an unfunded defined benefit plan for all employees in accordance with the requirements of the Saudi Labor Law. The provision appearing in the financial statements is calculated on the basis of the actuarial valuations that are carried out annually to meet the requirements of the International Standard for Small and Medium Enterprises. The Company was not able, without undue cost or effort, to apply the planned unit credit method to measure its obligations under defined benefit plans, so the Company has applied the simplified method described in Section 13 of that Standard. The most recent evaluation was carried out on December 31, 2021.

The amount shown in the statement of financial position is the present value of the benefit obligations under specific plans.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the income statement.

3-7 Net restricted assets

Restricted net assets are the remaining amount of foundation support that has been disbursed to the center

Regional Center for Quality and Excellence in Public Education

Non profit organisation

Notes to financial statements

For the year ended 31 December 2021

Expressed in Saudi Arabian Riyals

3-8 Unrestricted net assets

The unrestricted net assets represent the amount available to the center to spend on its operating activities.

3-9 Revenue recognition

1- Support, donations, grants and gifts, as well as all other miscellaneous income, are recognized according to the accrual basis when the following conditions are met:

- The center has the authority to manage revenue and donate or dispose of it in any way to allow it to determine how it will be used in the future.
- The center expects to receive revenue or donate with a reasonable degree of confidence.

- The donation must be measurable with a reasonable degree of objectivity.

Otherwise, support, donations, grants and gifts, as well as all other miscellaneous income, are recognized on the cash basis.

2- The donations received in the form of services, equipment, benefits or facilities are included in the revenues when they can be measured so that the estimated value of those donations reflects the fair value of those services, benefits or equipment.

3- In-kind donations are recorded at the realizable value in the accounting period in which they were received. If the realizable value of those goods cannot be reached, the recognition of these donations must be postponed until they are sold.

3-10 Expenses

The operating expenses of the activities include direct and indirect costs and are recorded, while the expenses of the center and administration appear within the general and administrative expenses.

3-11 Foreign currency transactions

Transactions in foreign currencies are transferred and recorded during the year according to the prevailing price of these currencies in Saudi riyals at the date of the transaction. Assets and liabilities in foreign currencies are evaluated at the end of the fiscal year at the prevailing rates of these currencies in Saudi riyals on that date, and the resulting differences are treated within the items of the income statement.

Regional Center for Quality and Excellence in Public Education
Non profit organisation
Notes to financial statements
For the year ended 31 December 2021
Expressed in Saudi Arabian Riyals

4 Cash and cash equivalents

	2021	2020
Cash with banks	8,443,409	15,589,988
Cash - cash equivalent as at 31 December	8,443,409	15,589,988

5 Advances, prepayments & other current assets

	2021	2020
Prepaid Expenses	123,445	196,514
Petty Cash	-	532
Advances, prepayments & other current assets as of 31 December	123,445	197,046

Regional Center for Quality and Excellence in Public Education
 Non profit organisation
 Notes to financial statements
 For the year ended 31 December 2021
 Expressed in Saudi Arabian Riyals

6 Property, Plant And Equipment - Net

	Vehicles	Computers	Office equipment	Furniture and fixtures	Total 2021	Total 2020
Cost beginning of the year	309,430	200,569	264,609	488,474	1,263,082	3,541,400
Additions	-	54,772	-	-	54,772	-
Disposals	-	-	-	-	-	(2,278,318)
Cost at end of the year	309,430	255,341	264,609	488,474	1,317,854	1,263,082
Accumulated depreciation at beginning of the year	309,430	152,247	221,453	452,920	1,136,050	1,612,435
Depreciation expense for the year	-	23,718	24,193	19,975	67,886	174,223
Disposals	-	-	-	-	-	(650,608)
Accumulated depreciation at end of the year	309,430	175,965	245,646	472,895	1,203,936	1,136,050
Net book value						
As at 31 December 2021	-	79,376	18,963	15,579	113,918	
As at 31 December 2020	-	48,322	43,156	35,554		127,032

Regional Center for Quality and Excellence in Public Education
Non profit organisation
Notes to financial statements
For the year ended 31 December 2021
Expressed in Saudi Arabian Riyals

7 long-term investments

	2021	2020
Cost	1,500,000	1,500,000
Total as of 31 December	1,500,000	1,500,000

Investments include the following

	2021	2020
Almobdioon Center for Studies, Consultations and Training	1,500,000	1,500,000
Investment as of 31 December	1,500,000	1,500,000

The movement in investments was as follows:

	2021	2020
Balance beginning of the year	1,500,000	-
Capital during the year	-	1,500,000
investments of 31 December	1,500,000	1,500,000

The investments are represented in a three-year Share contract on 17/11/2020 AD with the Almobdioon Center for Studies, Consultations and Training of King Abdulaziz University in Jeddah with the aim of investing the surplus liquidity and achieving a return for the center.

8 Other current liabilities

	2021	2020
Accrued operating expenses	53,973	44,830
Others	34,500	23,000
Other current liabilities as of 31 December	88,473	67,830

Regional Center for Quality and Excellence in Public Education
Non profit organisation
Notes to financial statements
For the year ended 31 December 2021
Expressed in Saudi Arabian Riyals

9 Non profit organisations don't apply actuarial actual valuation

	2021	2020
Provision made during the year		
- current service cost	88,225	-
Balance as of 31 December	88,225	-

Principal actuarial assumptions used were as follows;

Discount rate	3,35%
Expected rate of increase in salary	7%
Mortality rates	60 Years
Rates of employee turnover	10%

10 Cost of revenue

	2021	2020
Project Expenses	2,675,712	2,369,914
Consulting Fees	1,195,933	140,297
Electronic services	-	57,600
Advertising	8,600	37,116
Travel and accommodation- Business trips	145,793	272,459
Total	4,026,038	2,877,386

Regional Center for Quality and Excellence in Public Education
Non profit organisation
Notes to financial statements
For the year ended 31 December 2021
Expressed in Saudi Arabian Riyals

11 General and administrative expenses

	2021	2020
Administrative salaries and allowances	3,313,624	4,594,182
Government fees	63,041	-
Maintenance	-	6,734
Telephone, electricity and water	14,103	8,751
Insurance	3,820	-
Medical Insurance	392,849	624,711
Incentives	68,143	-
Consulting and professional fees	67,966	76,000
Printing and stationary	3,200	2,126
Cleaning and hospitality	34,566	35,117
GOSI expenses	253,464	132,084
Employee benefits	88,225	-
Others	185,438	29,332
Total	4,488,439	5,509,037

12 Approval of financial statements

These financial statements were approved by the association's management on 15/02/2022.

13 General

- The numbers shown in the financial statements have been rounded to the nearest true SAR.
- Certain comparative figures for the previous year have been reclassified to conform with the current year classification.