

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

**THE FINANCIAL STATEMENTS
For the year ended 31 December 2022
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 2022

Expressed in Saudi Arabian Riyals

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from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- x 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 internal control.
- x Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- x Conclude on the appropriateness 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 Center's ability to continue as a going concern. If such uncertainty exists, we should disclose that material uncertainty in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence. We conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on the Center's ability to continue as a going concern. Our conclusions are based on the audit evidence. We conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on the Center's ability to continue as a going concern.
- x 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.

Dammam 18 Ramadan 1444 H
09 April 2023 M

BOODAI & AI-OMAR CPA

Adel Abdulaziz Boodai
Certified Accountant
License No. (303)

Regional Center for Quality and Excellence in Public Education

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Statement of financial position

As at 31 December 2022

Expressed in Saudi Arabian Riyals

Assets	Note	2022	2021
Current assets			
Cash and cash equivalents	(4)	1,205,365	8,443,409
Accounts receivables, net	(5)	2,812,758	-
Advances, prepayments & other current assets	(6)	442,806	123,445
Total current assets		4,460,929	8,566,854
Non-current assets			
Property, plant and equipment - net	(7)	76,032	113,918
Long term investments	(8)	4,500,000	1,500,000
Total assets		9,036,961	10,180,772
Liabilities & Net Assets			
Current liabilities			
Accrued operating expenses		72,465	88,473
Other current liabilities	(9)	240,000	-
Total current liabilities		312,465	88,473
Non-current liabilities			
Employee benefits obligation	(10)	393,529	88,225
Total non-current liabilities		393,529	88,225
Total liabilities		705,994	176,698
Net Assets			
Unrestricted net assets		6,498,672	8,171,779
Net restricted assets		1,832,295	1,832,295
Total Net Assets		8,330,967	10,004,074
Total liabilities & Net Assets		9,036,961	10,180,772

The notes from (1) to (14) form an integral part of these financial statements.

Regional Center for Quality and Excellence in Public Education
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Statement of Activities
For the year ended 31 December 2022
Expressed in Saudi Arabian Riyals

	Note	Unrestricted	Restricted	2022	2021
Revenue and gain					
Project revenue		4,923,756	-	4,923,756	1,135,201
Income from investment		105,000	-	105,000	105,000
Human resources support revenue		15,000	-	15,000	-
Other revenue		3,196	-	3,196	-
Total Revenues and gains		5,046,952	-	5,046,952	1,240,201
Expenses and losses					
Activities expenses	(11)	(2,050,677)	-	(2,050,677)	(4,026,038)
General and administrative expenses	(12)	(4,414,626)	-	(4,414,626)	(4,488,439)
Administrative depreciation	(7)	(65,578)	-	(65,578)	(67,886)
Total expenses and losses		(6,530,881)	-	(6,530,881)	(8,582,363)
Change in net assets from continuing activities		(1,483,929)	-	(1,483,929)	(7,342,162)
Extraordinary Items					
Actuarial valuation gain/(loss) of net employee benefits	(10)	(189,178)	-	(189,178)	-
Change in net assets of extraordinary items		(189,178)		(189,178)	-
Change in net assets for the year		(1,673,107)	-	(1,673,107)	(7,342,162)
Net assets at the beginning of the year		8,171,779	1,832,295	10,004,074	17,346,236
Net assets at the end of the year		6,498,672	1,832,295	8,330,967	10,004,074

The notes from (1) to (14) form an integral part of these financial statements.

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Statement of cash flows
For the year ended 31 December 2022
Expressed in Saudi Arabian Riyals

	2022	2021
<u>Cash flow from operating activities</u>		
Change in net assets for the year	(1,483,929)	(7,342,162)
<u>Adjustments for a net assets with net cash from operating activities</u>		
Depreciation of property, plant & equipment	65,578	67,886
(Gain) from Investment	(105,000)	(105,000)
<u>Change in assets and operating liabilities</u>		
Receivables	(2,812,758)	-
Other current assets	(319,361)	73,601
due to supplier	(16,008)	20,643
Other current liabilities	240,000	-
End-of-service Employee benefits	116,126	88,225
Net cash flows (unutilised in) operating activities	(4,315,352)	(7,196,807)
<u>Cash flow from investing activities</u>		
Additions to property, plant and equipment	(27,692)	(54,772)
Additions to investment	(3,000,000)	-
Receipt from investments	105,000	105,000
Net cash flows (unutilised in)available from investing activities	(2,922,692)	50,228
Net change in cash and cash equivalent	(7,238,044)	(7,146,579)
Cash and cash equivalents at beginning of the year	8,443,409	15,589,988
Cash and cash equivalents at end of the year	1,205,365	8,443,409

The notes from (1) to (14) form an integral part of these financial statements.

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Notes to financial statements

For the year ended 31 December 2022

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1 ESTABLISHMENT AND ACITIVITY

Center Name: 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, regarding its establishments as one of the scound Category , 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 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.

Center tasks:

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

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- 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 on the first day of each gregorian year and ends on the last day of the same year in accordance with Article (9) of the financial regulations .

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.

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Notes to financial statements
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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 Property plant and equipment

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%	Office equipment
20%	Computers
20%	Furniture and fixtures

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3-4 investments

Investment at Cost , as the Center Does not exercises any significant influence On them and the Cost represents their fair value at the end of years .

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 Employee benefits Obligation

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, 2022.

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

3-8 Unrestricted net assets

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

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Notes to financial statements

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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 Center's Expenses are as follows :

- Salaries ,Allowances and Wages .
- Operating Expenses , Materials and Consumables Operations .
- Maintenace , Cleaning programs and Contracts
- Center Projects and Programmes Exp. Are recognized as soon as they are due , According to the Accrual principle .

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.

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4 Cash and cash equivalents

	2022	2021
Cash in hand and custody	872	
Cash with banks	1,204,493	8,443,409
Cash - cash equivalent as at 31 December	1,205,365	8,443,409

5 Accounts receivables, net

	2022	2021
Trade receivables	2,812,758	-
Receivables, net 31 December	2,812,758	-

6 Other current assets

	2022	2021
Prepaid Expenses	104,856	123,445
Advance to Suppliers	337,950	-
Other current assets as of 31 December	442,806	123,445

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7 Property, Plant And Equipment - Net

	Vehicles	Office equipment	Computers	Furniture and fixtures	Total 2022	Total 2021
Cost beginning of the year	309,430	264,609	255,341	488,474	1,317,854	1,263,082
Additions	-	8,094	19,598		27,692	54,772
Cost at end of the year	309,430	272,703	274,939	488,474	1,345,546	1,317,854
Accumulated depreciation at beginning of the year	309,430	245,646	175,965	472,895	1,203,936	1,136,050
Depreciation expense for the year	-	17,771	35,433	12,374	65,578	67,886
Accumulated depreciation at end of the year	309,430	263,417	211,398	485,269	1,269,514	1,203,936
Net book value						
As at 31 December 2022	-	9,286	63,541	3,205	76,032	
As at 31 December 2021	-	18,963	79,376	15,579		113,918

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8 long-term investments

Investment Carried under :

	2022	2021
Cost model	4,500,000	1,500,000
Total as of 31 December	4,500,000	1,500,000

Investments include the following :

	2022	2021
Almobdioon Center for Studies, Consultations and Training king Abdul aziz university	4,500,000	1,500,000
Investment as of 31 December	4,500,000	1,500,000

The movement in investments was as follows:

	2022	2021
Balance beginning of the year	1,500,000	1,500,000
Capital during the year	3,000,000	-
investments of 31 December	4,500,000	1,500,000

The investments are represented in a three-year Share contract on 17/11/2020 AD in the Amount of SR 1.5 million 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.

Additional Investment of SR 3 million was added on 2/1/2022 with a partnership contract for a period of two years .

9 Other current liabilities

	2022	2021
Revenue advance	240,000	-
Other current liabilities as of 31 December	240,000	-

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10 Employee benefit obligations

	2022	2021
Balance beginning of the year	88,225	-
Provision made during the year		
- current service cost	106,503	88,225
- interest cost	9,623	-
Charged to profit & loss	116,126	88,225
- actuarial (gain)/loss	189,178	-
- experience adjustments	-	-
Charged to other comprehensive income	189,178	-
Balance as of 31 December	393,529	88,225

Principal actuarial assumptions used were as follows;

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

11 Activities expenses

	2022	2021
Project operating expenses	663,225	2,675,712
Successful Arab experiences in teacher quality	205,229	-
Academic accreditation for teacher preparation programs in the Arab countries educational expenses	183,750	-
Consulting fees	225,000	-
Electronic services	477,067	1,195,933
Advertising	34,129	-
Travel and accommodation- Business trips	57,880	8,600
	204,397	145,793
Total	2,050,677	4,026,038

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12 General and administrative expenses

	2022	2021
Administrative salaries and allowances	3,265,694	3,313,624
Government fees	221,735	63,041
Maintenance	4,888	-
Traveling	7,196	-
Telephone, electricity and water	21,577	14,103
Insurance	949	3,820
Medical Insurance	263,194	392,849
Incentives	82,000	68,143
Consulting and professional fees	25,500	67,966
Printing and stationary	6,061	3,200
Cleaning and hospitality	6,150	34,566
GOSI expenses	307,291	253,464
Annual tickets and leave salaries	55,525	-
Employee benefits	116,126	88,225
Others	30,740	185,438
Total	4,414,626	4,488,439

13 Approval of financial statements

These financial statements were approved by the Center's management on 9/04/2023.

14 General

- The numbers shown in the financial statements have been rounded to the nearest true SAR.