

Regional Centre for Quality and Excellence in Education
(Non-Profit Organization)
Jubail - Kingdom of Saudi Arabia

Financial Statements and Independent Auditor's Report
For the year ended December 31, 2024

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Financial Statements and Independent Auditor's Report

For the year ended December 31, 2024

(All Amounts in Saudi Riyals)

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Independent Auditor's Report

**To Management of
Regional Centre for Quality and Excellence in Education**

(Non-Profit Organization)
Jubail- Kingdom of Saudi Arabia

Opinion:

We have audited the financial statements of **Regional Centre for Quality and Excellence in Education- (Non-Profit Organization)**, which comprise the statement of financial position as of **December 31, 2024**, and the statement of activities, and statement of cash flows for the year then ended, and notes to the financial statements from (1) to (16), including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2024**, and its financial performance and its cash flows for the year then ended by Standard for Non-Profit Organizations, that are endorsed in Kingdom of Saudi Arabia in addition to the requirements of International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) as adopted in the Kingdom of Saudi Arabia.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA's) that are endorsed in the Kingdom of Saudi Arabia. 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 are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter Paragraph

The financial statements for the year that ended December 31, 2023, were reviewed by another auditor, who issued an unqualified opinion in his report dated March 17, 2024.

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

Management is responsible for the preparation of financial statements and their fair presentation in accordance with the International Financial Reporting Standard as adopted in the Kingdom of Saudi Arabia, and other standards and issuance approved by the Saudi Organization for chartered and professional accountant and according to The provisions of the Companies Law and the Company article of association, and for such internal control that management deems necessary to enable it to prepare financial statements 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 and, as appropriate, disclosing matters of going concern, and using the going concern basis in accounting, unless management intends to liquidate the company or cease its operation, or has no other realistic option but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.



Independent Auditor's Report (Continued)

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 auditing standards will always detect every material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA's) that are endorsed in the Kingdom of Saudi Arabia, 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 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 Company to cease to continue as a going concern.

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.



**On Behalf of Alaufi and Alharbi
(Chartered Accountants and Auditors)**



**Turki bin Hudiban Aloufi
(Registration No. 502)**

Date: 19/09/1446

Corresponding: 19/03/2025

Issued No: CLA 3062

Regional Centre for Quality and Excellence in Education

For The Year Ended December 31, 2024



Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

The statement of financial position as 31, 2024

(All Amounts in Saudi Riyals)

		As of December 31,	
	Note	2024	2023
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	(6)	10,658,646	27,237,029
Trade Receivables		1,135,000	202,329
Prepaid Expenses & Other Debit Balances	(7)	171,215	551,235
Total Current Assets		11,964,861	27,990,593
<u>Non-Current Assets</u>			
Property, plant, and equipment, net	(8)	533,638	483,613
Investments at Amortized Cost	(9)	24,000,000	4,000,000
Total Non-Current Assets		24,533,638	4,483,613
Total Assets		36,498,499	32,474,206
<u>Net Assets & Liabilities</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Creditors & Other Credit Balances		42,331	69,843
Total Current Liabilities		42,331	26,843
<u>Non-Current Liabilities</u>			
End-of-Service Benefits Provision	(10)	805,685	595,933
Total Non-Current Liabilities		805,685	595,933
Total Liabilities		848,016	665,776
<u>Net Assets</u>			
Net Unrestricted Assets		35,650,483	31,808,430
Total Net Assets		35,650,764	31,808,430
Total Liabilities & Net Assets		36,498,499	32,474,206

"The accompanying notes from (1) to (16) an integral part of these financial statements."

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

The statement of activities for the year ended December 31, 2024

(All Amounts in Saudi Riyals)

			<u>As of December 31,</u>		
	<u>Note</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2024</u>	<u>2023</u>
<u>Revenues & Gains</u>					
Annual Grants	(11)	10,000,000	--	10,000,000	30,000,000
Projects Revenues		1,285,000	--	1,285,000	150,000
Investment Income		458,230	--	458,230	585,000
Human Resources Support Revenue		12,000	--	12,000	72,000
Other income		14,909	--	14,909	--
Total Revenues & Gains		<u>11,770,139</u>	<u>--</u>	<u>11,770,139</u>	<u>30,807,000</u>
<u>Expenses & Losses</u>					
Program Expenses	(12)	2,641,495	--	2,641,495	2,160,649
& Administrative Expenses	(13)	5,201,345	--	5,201,345	5,156,297
Depreciation Expense		112,747	--	112,747	12,591
Total Expenses & Losses		<u>7,955,586</u>	<u>--</u>	<u>7,955,586</u>	<u>7,329,537</u>
Change in Net Assets for the Year		<u>3,814,553</u>	<u>--</u>	<u>3,814,553</u>	<u>23,477,463</u>
<u>Exceptional Items</u>					
Capital Gains		27,500	--	27,500	--
Change in Net Assets for the Year		<u>3,842,053</u>	<u>--</u>	<u>3,842,053</u>	<u>23,477,463</u>
After Exceptional Items					
Net Assets at Beginning of Year		<u>31,808,430</u>	<u>--</u>	<u>31,808,430</u>	<u>8,330,967</u>
Net Assets at Ending of Year		<u>35,650,483</u>	<u>--</u>	<u>35,650,483</u>	<u>31,808,430</u>

"The accompanying notes from (1) to (16) an integral part of these financial statements."

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Statement of cash flow for the Year Ended December 31, 2024

(All Amounts in Saudi Riyals)

	Note	<u>As of December 31,</u>	
		2024	2023
<u>Operating Activities</u>			
Change in Net Assets for the Year		3,814,553	23,477,463
<u>Adjustments</u>			
Depreciation Expense		112,747	12,591
End-of-Service Benefits Provision		219,231	247,146
Other Adjustments		--	30,698
Investment Income		(458,230)	(585,000)
		3,688,301	23,182,898
<u>Changes in Assets & Current Liabilities</u>			
Trade Receivables		(932,671)	2,610,429
Prepaid Expenses & Other Debit Balances		380,022	(108,429)
Creditors and Other Credit Balances		(27,512)	(33,319)
Advance Payments		--	(240,000)
Employees' benefit obligations paid		(9,479)	(44,742)
Net Cash Flow Generated from Operating Activities		3,098,661	25,366,837
<u>Investment Activities</u>			
(Payment) of property, plant & equipment		(162,773)	(420,173)
Proceeds from property, plant & equipment		27,500	--
(Payments) / Proceeds from Purchasing Investments		(20,000,000)	500,000
Investment Dividends		458,230	585,000
Net cash flows generated / (used in) investment activities		(19,677,043)	664,827
Net Change in Cash and Cash Equivalents During the Year		(16,578,382)	26,031,664
Cash and cash equivalents at the beginning of the year		27,237,029	1,205,365
Cash And Cash Equivalents at The End of The Year	(6)	10,658,647	27,237,029

"The accompanying notes from (1) to (16) an integral part of these financial statements."

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Notes to the Financial Statements for the Year Ended December 31, 2024

(All Amounts in Saudi Riyals)

1- Corporate information

Name of the Center: Regional Center for Quality and Excellence in Public Education

The Center was established under the auspices of the United Nations Educational, Scientific, and Cultural Organization (UNESCO) as a Category 2 Centre, by the Establishment Agreement signed on 21 October 2014 between the Government of the Kingdom of Saudi Arabia and UNESCO.

The Center was founded based on the Royal Approval for the project under letter No. 37910 dated 17/09/1435H. The Royal Approval also covered the tripartite agreement between the Kingdom of Saudi Arabia, UNESCO, and the Regional Center for Quality and Excellence in Public Education regarding the renewal of the Center's status as a Category 2 Centre under the auspices of UNESCO.

This renewal was approved by Royal Decree No. (M/53) dated 21/04/1445H and the Council of Ministers' Resolution No. (304) dated 16/04/1445H.

Head Office: The Center is headquartered in Jubail City, Kingdom of Saudi Arabia. The Center may establish branches, affiliated bodies, or undertake activities within or outside the Kingdom, subject to the approval of the Board of Directors.

Fiscal Year:

- The Center has an independent legal personality and possesses the legal capacity necessary to carry out its functions by the applicable laws of the Kingdom. The Center is considered an entity independent from UNESCO.
- The fiscal year of the Regional Center for Quality and Excellence in Public Education begins on the first of January of each year and ends on the thirty-first of December of the same year, by Article 9 of the Financial Regulations.
- The attached financial statements cover the fiscal year from January 1, 2024, to December 31, 2024.

Objectives of the Center:

The Center's identity is defined as a service provider, a standard-setter, and a research hub in the field of quality and excellence in education. In pursuit of this mission, the Center aims to:

- Raise awareness on issues related to quality and excellence in education.
- Support best practices in enhancing and implementing quality in education.
- Develop and apply best practices and scientific ideas in the field of education and learning.
- Benchmark current practices in the field of quality against global standards.
- Seek creative solutions and ideas within the framework of the strategic development of the educational process.
- Establish itself as a specialized center of expertise in quality and excellence in education for Arab countries and a developer of human resources in this field.
- Develop research programs on global applications of educational quality, to be implemented through partnerships with leading institutions, aiming to enhance educational stages and offer world-class training programs.

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Notes to the Financial Statements for the Year Ended December 31, 2024

(All Amounts in Saudi Riyals)

1- Corporate information (Followed)

Mandates of RCQE

In accordance with the establishment agreement of the Center, The mandates of RCQE are as follows:

- Promote research to improve the quality and excellence of education systems.
- Develop capacity-building and training initiatives to re-orient existing education programs towards quality and excellence.
- Build and reinforce networks for the exchange of knowledge, technical and policy information, and best practices in the field of education quality and excellence among institutions and individuals.
- Implement knowledge and information transfer activities including international symposia or workshops, and to engage in appropriate awareness-raising activities targeted at various stakeholders.
- Provide technical consulting services.
- Produce research reports, technical publications and other media items related to the activities of the center

2- Financial statements' basis of preparation

2.1 basis of preparation

These financial statements have been prepared by the Accounting Standards for Not-for-Profit Organizations issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), in addition to the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs) as adopted in the Kingdom of Saudi Arabia.

2.2 Preparation of Financial Statements

The financial statements are prepared based on the historical cost principle, except for the measurement of certain financial instruments at fair value. End-of-service benefits are measured at the present value of future obligations using an actuarial valuation method.

The financial statements are prepared using the accrual basis of accounting, except for the cash flow information. Under the accrual basis, items are recognized as assets, liabilities, income, or expenses when they meet the definitions of these elements and satisfy the recognition criteria. Additionally, the financial statements are prepared on a going concern basis, and figures are presented in Saudi Riyals.

A. Functional and presentation currency

The financial statements are presented in Saudi Riyals, which is the functional currency of the center.

B. Going Concern Basis

The management regularly and systematically assesses the center's ability to continue as a going concern. The financial statements have been prepared assuming the continuity of the entity, and management has no significant doubts regarding the center's ability to continue as a going concern in the foreseeable future.

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Notes to the Financial Statements for the Year Ending December 31, 2024

(All Amounts in Saudi Riyals)

2- Financial statements' basis of preparation (Followed)

2.3 Use of Judgments and Estimates of Uncertainty

The preparation of financial statements by the Non-Profit Entities Standard, in addition to the International Financial Reporting Standard for Small and Medium-Sized Entities, requires the use of estimates and assumptions that affect the amounts presented for assets, liabilities, and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the amounts presented for revenues and expenses during the reporting period. Estimates and assumptions are evaluated continuously based on past experience and other factors, including expectations about future events that are believed to be appropriate in the circumstances. The center makes estimates and assumptions relating to the future, and the actual results rarely align with the accounting estimates, as defined, due to the inherent uncertainty involved.

3- Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks, and other highly liquid investments that are readily convertible to known amounts of cash and are due within three months or less from their purchase date.

Prepaid expenses & Other Debit Balances

Receivables, advances, and other receivables are stated at their nominal value, less any amounts expected to be uncollected. The amounts expected to be uncollected are estimated at the end of the financial year when it becomes unlikely that the full amount will be recovered. The receivables and other receivables are subsequently reduced to their recoverable amount, and any impairment losses (if any) are recognized.

Property, plant & Equipment

Items of property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses (if any). The cost includes expenditures directly attributable to the acquisition of the asset, as well as any other directly related costs necessary to bring the asset to the location and condition required for it to operate in the manner intended by management.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective classes of property, plant, and equipment. Land is not depreciated.

The method of depreciation, valuable lives, and residual values (if any) are reviewed and reassessed when there are indications of changes since the last annual reporting date. Depreciation is charged as follows:

Description	Depreciation Percentage
Vehicles	20 %
Electrical Equipment	20 %
Computer	20 %
Furniture	20 %

- Gains or losses on disposal

Gains or losses arising from the derecognition of an item of property, plant, and equipment are recognized in the statement of activities by comparing the net disposal proceeds with the carrying amount of the asset.

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Notes to the Financial Statements for the Year Ended December 31, 2024

(All Amounts in Saudi Riyals)

Property, plant & Equipment (Followed)

- Subsequent expenditures

Subsequent expenditures related to an asset are capitalized only when it is probable that future economic benefits associated with the item will flow to the Center and the cost of the item can be measured reliably.

- Finance Costs

Finance costs incurred in connection with borrowing funds are recognized as an expense in the statement of activities.

- Capital Spare Parts

Capital spare parts represent components of certain items of machinery and equipment that meet the definition of property, plant, and equipment and are expected to provide additional future economic benefits. They are depreciated over their estimated useful lives.

Investments

Investments are stated at cost or fair value, where the Center does not exercise significant influence over them. In most cases, the cost approximates their fair value at the end of the year.

Accounts Payable and Other Payables

Accounts payable include payables to suppliers, accrued expenses, and other payables, which represent obligations for goods received and services rendered to the Center before the end of the financial period and which have not been paid as of the Center's financial reporting date.

Statement of Activities

The Statement of Activities includes revenues, expenses, losses, and transfers between asset categories. It presents details of changes in net assets with and without donor restrictions as follows:

- **Net Unrestricted Assets:**
These are assets that are not subject to donor-imposed restrictions and are, therefore, under the full control of the Center. Net assets without donor restrictions may be either financial or non-financial assets.
- **Net Restricted Assets:**
These are assets subject to donor-imposed restrictions, which are limited to specific purposes or timing conditions. Net assets with donor restrictions may also be either financial or non-financial assets.
- **Change in Net Assets Without Donor Restrictions**
Represents the amount of increase or decrease resulting from the following:
 - Revenues and expenses that do not result in a change in net assets with donor restrictions.
 - Transfers and reclassifications to and from other net asset categories resulting from the release of donor-imposed restrictions, either through the passage of time or by fulfillment of the restriction by the Center.
- **Change in Net Assets With Donor Restrictions**
Represents the amount of increase or decrease resulting from the following:
 - Donations subject to donor-imposed restrictions, which are released either by the passage of time or by fulfillment by the Center.
 - Transfers and reclassifications to and from other net asset categories resulting from the release of donor-imposed restrictions, either through the passage of time or by fulfillment of the restriction by the Center.

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Notes to the Financial Statements for the Year Ending December 31, 2024

(All Amounts in Saudi Riyals)

Revenue

Revenues consist of the sale of books, training course fees, workshop revenues, conference sponsorships, and training kit revenues.

Revenues collected from grants, donations, and membership subscriptions are recognized on a cash basis rather than an accrual basis.

Expenses

Activity expenses consist of expenses incurred from the efforts of the Center's functions. Other expenses are classified as and administrative expenses. Expenses are recognized as incurred, based on the accrual basis of accounting.

Statement of Cash Flows

The statement of cash flows has been prepared using the indirect method

Regional Centre for Quality and Excellence in Education
(Non-Profit Organization)
Notes to the Financial Statements for the Year Ended December 31, 2024
(All Amounts in Saudi Riyals)

6- Cash and cash equivalents

	As of December 31,	
	2024	2023
Cash at bank	10,650,229	27,230,971
Cash on hand	8,417	6,058
	10,658,646	27,237,029

7- Prepaid Expenses & Other Debit Balances

	As of December 31,	
	2024	2023
Prepaid Expense	74,748	18,985
VAT Tax	76,914	--
Other Debit Balances	19,553	--
Deposit with others - Performance Guarantee Suppliers – Advance Payments	--	194,300
	--	337,950
	171,215	551,235

8- Property, plant, and equipment, net

	Vehicles	Electrical Equipment	Computer	Furniture	Total
<u>Cost</u>					
Balance as of January 1, 2024	722,430	272,703	282,111	488,474	1,765,718
Additions during the year	--	30,492	--	132,281	162,773
Disposal during the year	(198,100)	--	--	--	(198,100)
Balance as of December 31, 2024	524,330	303,195	282,111	620,755	1,730,391
<u>Accumulated depreciation</u>					
Balance as of January 1, 2024	309,430	266,270	221,136	485,269	1,282,105
Depreciation during the year	94,990	3,895	2,118	11,744	112,747
Disposal during the year	(198,100)	--	--	--	(198,100)
Balance as of December 31, 2024	206,320	270,165	223,254	497,013	1,196,752
<u>Net book value</u>					
December 31, 2024	318,010	33,030	58,857	123,742	533,638
December 31, 2023	413,000	6,433	60,975	3,205	483,613

Regional Centre for Quality and Excellence in Education

(Non-Profit Organization)

Notes to the Financial Statements for the Year Ending December 31, 2024

(All Amounts in Saudi Riyals)

9- Investments at Amortized Cost

	As of December 31,	
	2024	2023
Saudi National Bank	20,000,000	--
Mudarabah Contract in Accordance with Islamic Law	4,000,000	4,000,000
	24,000,000	4,000,000

The center holds an investment deposit in portfolios with the Saudi National Bank (SNB) - Jubail, with a profit rate of 5.82% for 6 months, maturing on 24th January 2025.

The investments are held in a Mudarabah contract, by Islamic law, for two years to finance the execution of the first phase of contracts for providing consulting services to the National Center for Meteorology, which was awarded to Al-Mubdi'oon Center. The investment amount is SAR 4 million, starting from January 1, 2024, with Al-Mubdi'oon Center for Studies, Consultations, and Training, affiliated with King Abdulaziz University in Jeddah. The goal is to invest surplus liquidity and achieve a return for the center, with an expected profit rate of 8% of the principal investment amount. The profit is paid out at the end of each calendar year, and the investment principal and profits are distributed at the end of the financial year.

10-End-of-Service Benefits Provision

	As of December 31,	
	2024	2023
Balance as of January 1,	595,933	393,529
Current service cost	219,231	247,146
Paid during the year	(9,479)	(44,742)
Balance as of December 31,	805,685	595,933

11-Annual Grants

The Royal Decree No. 37910, dated 17th September 1435H, approved the establishment of the center in the Kingdom of Saudi Arabia under the supervision of UNESCO. According to Article 8, the Government of the Kingdom of Saudi Arabia provides an annual amount of SAR 10 million for eight years to efficiently manage and operate the center. The agreement for the center between the Government of the Kingdom of Saudi Arabia and the United Nations Educational, Scientific, and Cultural Organization (UNESCO) has been renewed, and financial support of SAR 30 million has been secured for the years 2021, 2022, and 2023.

12-Program Expenses

	As of December 31,	
	2024	2023
Project Expenses	1,425,296	1,304,950
Study Expenses	205,023	175,419
Consulting Fees	535,938	230,000
Electronic Services	57,611	44,652
Travel & Accommodation - Business Trips	417,627	405,628
	2,641,495	2,160,649

Regional Centre for Quality and Excellence in Education
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Notes to the Financial Statements for the Year Ended December 31, 2024
(All Amounts in Saudi Riyals)

13- & Administrative Expenses

	As of December 31,	
	2024	2023
Salaries, Wages & Allowances	3,683,882	3,477,223
Medical Insurance & Treatment	391,713	368,044
Social Insurance	265,333	323,396
End-of-Service Benefits Expenses	219,231	247,146
Incentives and Bonuses	160,293	111,708
Travel & Accommodation - Business Trips	165,341	164,793
Stationery & Print Materials	56,080	12,903
Government Fees	40,745	212,550
Maintenance & Repairs	40,186	13,590
Telephone, Electricity & Water	15,613	17,039
Insurance	5,776	2,846
Other Expenses	157,153	205,059
	5,201,345	5,156,297

14-Financial Instruments - Risk Management

Foreign Currency Risk

Foreign currency risk refers to the risk of fluctuations in the fair value or future cash flows of a financial instrument due to changes in foreign exchange rates. The center does not have significant accounts receivable, accounts payable, or binding commitments in foreign currencies. Additionally, the center does not generate revenue in foreign currencies, and most of the center's purchases in foreign currencies are denominated in US dollars. The center is not exposed to currency risks in these transactions due to the Saudi Riyal being pegged to the US Dollar. Purchases in other foreign currencies are not of significant importance. Therefore, the center does not hedge against foreign currency risks. In the event the center is exposed to significant foreign currency risks, material exposures and risk management methods, if any, will be disclosed. The center does not believe there is any significant exposure to foreign currency risks.

Fair Value Risk

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable, willing parties at the measurement date.

The Center measures the fair value of a financial instrument using the quoted price in an active market. If the market for the financial instrument is not active, the Center determines the fair value using an appropriate valuation technique. The objective of using a valuation technique is to estimate the price at which an orderly transaction would have taken place between market participants at the measurement date under current market conditions.

Valuation techniques include:

- Using recent arm's length market transactions between knowledgeable and willing parties (if available)
- Reference to the current fair value of another instrument that is substantially identical
- Discounted cash flow analysis

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Notes to the Financial Statements for the Year Ending December 31, 2024

(All Amounts in Saudi Riyals)

- Option pricing models

Fair Value Risk (Followed)

The valuation technique selected makes maximum use of observable market inputs and relies as little as possible on entity-specific inputs. It also takes into account all factors that market participants would consider in pricing a financial instrument, following accepted economic methodologies for financial instrument valuation.

Credit Risk

Credit risk is the risk of financial loss to the Center if a customer or counterparty fails to meet its contractual obligations. These risks primarily arise from receivables and cash and cash equivalents.

Trade Receivables

The Center's maximum exposure to credit risk is represented by the carrying amount of each financial asset presented in the statement of financial position. The Center establishes an allowance for impairment that reflects its estimates of expected losses related to outstanding amounts.

Cash and Cash Equivalents

The Center minimizes its exposure to credit risk by investing its cash and cash equivalents with financial institutions that have a strong credit rating and within specific guidelines set under the approved investment policy. Accordingly, the Center does not consider there to be any significant exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Center will be unable to meet its obligations as they become due. The Center's approach to managing liquidity risk is to ensure that it always has sufficient liquidity to meet its obligations when due, without incurring unacceptable losses or risking damage to the Center's reputation.

The Center ensures that sufficient cash is available on demand to meet expected operational expenses by using cash flow forecasting.

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15-Subsequent Events

Management believes that there are no material subsequent events after the end of the financial year that would have a material impact on the financial statements as of 31 December 2024 and that require adjustment.

16-Approval Of Financial Statements

These financial statements were approved by the management on 19/03/2025.