

**OMAN EDUCATION AND TRAINING
INVESTMENT COMPANY SAOG**

**Consolidated and separate
Financial statements
For the year ended 31 August 2023**

OMAN EDUCATION AND TRAINING INVESTMENT COMPANY SAOG

Consolidated and separate financial statements for the year ended 31 August 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN EDUCATION AND TRAINING INVESTMENT COMPANY SAOG

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oman Education and Training Investment Company SAOG ("the Parent Company") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statement of financial position as at 31 August 2023, the consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at 31 August 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Sultanate of Oman, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of fees receivable

Fees receivable, net of provision for expected credit losses, amounted to RO 4.97 million as at 31 August 2023. The determination as to whether fees receivable are collectible involves significant management judgment. Specific factors that management considers include the ageing, credit risk, existence of disputes, historical payment patterns and any other available information concerning the creditworthiness of the counterparty.

Our Response

Our audit procedures, amongst others, included:

- testing the design and operating effectiveness of selected controls over the establishment of provision for expected credit losses against fees receivable;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN EDUCATION AND TRAINING INVESTMENT COMPANY SAOG

Key Audit Matters (continued)

Impairment of fees receivable (continued)

- assessing the reasonableness of assumptions made in determining the level of impairment loss established for each category of aged debt;
- testing the accuracy of the aging of fees receivable on a sample basis;
- comparing the amounts received subsequent to the year-end against outstanding balances on a sample basis;
- assessing the historical accuracy of impairment loss recognised by examining the utilisation or release of previously recorded impairment allowance; and
- assessing the adequacy of disclosures in respect of credit risk.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report, Management Discussion and Analysis Report and Corporate Governance Report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the Capital Market Authority, Commercial Companies Laws and Regulations of the Sultanate of Oman and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Parent 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 Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN EDUCATION AND TRAINING INVESTMENT COMPANY SAOG

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 consolidated and separate financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 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 Group's and the Parent 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 consolidated and separate 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN EDUCATION AND TRAINING INVESTMENT COMPANY SAOG

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that, these financial statements as at, and for the year ended, 31 August 2023, in all material respects, comply with the applicable provisions of the Commercial Companies Laws and Regulations of the Sultanate of Oman and relevant disclosure requirement of the Capital Market Authority.



Muscat
5 November 2023



Manvinder Singh
Partner
M. No. 400961
ICAI, India

Oman Education and Training Investment Company SAOG
Consolidated and separate statement of financial position
as at 31 August 2023

| | | Group 2023 RO | Parent Company 2023 RO | Group 2022 RO | Parent Company 2022 RO |
|--------------------------------------|--------------|---------------------|---------------------------------|---------------------|---------------------------------|
| ASSETS | <i>Notes</i> | | | | |
| Non-current assets | | | | | |
| Property and equipment | 5 | 31,975,829 | 120,095 | 31,556,604 | 127,409 |
| Right-of-use asset | 6 | 126,267 | - | 139,536 | - |
| Investment in subsidiaries | 7 | - | 6,399,050 | - | 6,399,050 |
| Total non-current assets | | 32,102,096 | 6,519,145 | 31,696,140 | 6,526,459 |
| Current assets | | | | | |
| Inventories | 8 | 29,894 | - | 33,116 | - |
| Due from subsidiaries | 24 | - | 6,229,648 | - | 5,147,239 |
| Fee and other receivables | 9 | 5,084,314 | 1,713 | 863,081 | 2,805 |
| Cash and bank balances | 10 | 6,668,289 | 14,592 | 5,763,147 | 16,806 |
| Total current assets | | 11,782,497 | 6,245,953 | 6,659,344 | 5,166,850 |
| Total assets | | 43,884,593 | 12,765,098 | 38,355,484 | 11,693,309 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 11 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| Legal reserve | 12 | 4,380,370 | 2,289,686 | 4,122,420 | 2,051,736 |
| Property revaluation reserve | 5 | 6,406,623 | - | 5,301,623 | - |
| Retained earnings | | 3,453,677 | 2,993,147 | 2,193,589 | 2,251,596 |
| Total equity | | 21,240,670 | 12,282,833 | 18,617,632 | 11,303,332 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Deferred grant related to assets | 13 | 13,539,661 | - | 14,011,993 | - |
| Deferred tax liability | 15 | 1,537,770 | - | 1,261,875 | - |
| Lease liabilities | 6 | 123,022 | - | 134,122 | - |
| End-of-service benefits | 16 | 1,245,403 | 35,743 | 1,138,903 | 30,712 |
| Students' deposits | 17 | 96,313 | - | 120,344 | - |
| Total non-current liabilities | | 16,542,169 | 35,743 | 16,667,237 | 30,712 |
| Current liabilities | | | | | |
| Deferred grant related to assets | 13 | 472,332 | - | 472,332 | - |
| Lease liabilities | 6 | 11,003 | - | 10,380 | - |
| Due to subsidiaries | 24 | - | 100,753 | - | 164,691 |
| Trade and other payables | 17 | 4,966,902 | 345,769 | 1,929,999 | 194,574 |
| Income tax payable | 15 | 651,517 | - | 657,904 | - |
| Total current liabilities | | 6,101,754 | 446,522 | 3,070,615 | 359,265 |
| Total liabilities | | 22,643,923 | 482,265 | 19,737,852 | 389,977 |
| Total equity and liabilities | | 43,884,593 | 12,765,098 | 38,355,484 | 11,693,309 |
| Net assets per share | 18 | 0.303 | 0.175 | 0.266 | 0.161 |

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 29/10/2023 and were signed on their behalf by:



Hassan Ihsan Naseeb Al Nasib
Chairman of the Board of Directors



Mr. Jamal Said Rajab Al-Ojaili
Audit Committee Chairman

The notes on pages 10 to 44 form an integral part of these consolidated and separate financial statements. Independent auditors' report is set forth on pages 1-4.

Oman Education and Training Investment Company SAOG

Consolidated and separate statement of profit or loss and other comprehensive income for the year ended 31 August 2023

| | Notes | Group 2023 RO | Parent Company 2023 RO | Group 2022 RO | Parent Company 2022 RO |
|---|-------|---------------------|---------------------------------|---------------------|---------------------------------|
| Income | | | | | |
| Tuition fees | 19 | 15,429,568 | - | 12,453,515 | - |
| Dividend income from subsidiaries | 7 | - | 3,065,000 | - | 2,110,000 |
| Other income | 20 | 688,674 | 14,000 | 608,367 | 10,332 |
| Total income | | 16,118,242 | 3,079,000 | 13,061,882 | 2,120,332 |
| Expenses | | | | | |
| Salaries and other related staff costs | 21 | (9,182,083) | (274,756) | (8,452,736) | (240,045) |
| Administrative and other operating expenses | 22 | (2,675,170) | (411,669) | (1,995,704) | (269,903) |
| Depreciation on property and equipment | 5 | (1,095,931) | (13,074) | (1,084,349) | (886) |
| Impairment of property and equipment | 5 | (123,700) | - | (221,864) | - |
| Release of deferred grant related to assets | 13 | 472,332 | - | 472,332 | - |
| Amortisation of right-of-use asset | 6 | (13,269) | - | (13,269) | - |
| Total expenses | | (12,617,821) | (699,499) | (11,295,590) | (510,834) |
| Profit for the year from operations | | 3,500,421 | 2,379,501 | 1,766,292 | 1,609,498 |
| Write back of liabilities no longer payable | 26 | - | - | 511,075 | - |
| Finance costs | 14 | (7,992) | - | (8,585) | - |
| Finance income | 14 | 115,307 | - | 26,763 | - |
| Profit before tax for the year | | 3,607,736 | 2,379,501 | 2,295,545 | 1,609,498 |
| Income tax | 15 | (689,698) | - | (493,124) | - |
| Net profit for the year | | 2,918,038 | 2,379,501 | 1,802,421 | 1,609,498 |
| Other comprehensive income: | | | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | | | |
| Gain on revaluation of land | 5 | 1,300,000 | - | - | - |
| Tax related to above revaluation gain | 15 | (195,000) | - | - | - |
| Net profit and total comprehensive income for the year | | 4,023,038 | 2,379,501 | 1,802,421 | 1,609,498 |
| Earnings per share | 23 | 0.042 | 0.034 | 0.026 | 0.023 |

The notes on pages 10 to 44 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-4.

Oman Education and Training Investment Company SAOG
Consolidated statement of changes in shareholders' equity
for the year ended 31 August 2023

| Group | Share capital RO | Legal reserve RO | Property revaluation reserve RO | Retained earnings RO | Total equity RO |
|--|---------------------|---------------------|------------------------------------|-------------------------|--------------------|
| At 1 September 2021 | 7,000,000 | 3,829,355 | 5,301,623 | 2,434,233 | 18,565,211 |
| <i>Total comprehensive income</i> | | | | | |
| Net profit for the year | - | - | - | 1,802,421 | 1,802,421 |
| Transfer to legal reserve | - | 293,065 | - | (293,065) | - |
| <i>Transactions with shareholders, recorded directly in equity</i> | | | | | |
| Dividend paid (note 31) | - | - | - | (1,750,000) | (1,750,000) |
| At 1 September 2022 | 7,000,000 | 4,122,420 | 5,301,623 | 2,193,589 | 18,617,632 |
| <i>Total comprehensive income</i> | | | | | |
| Net profit for the year | - | - | - | 2,918,038 | 2,918,038 |
| Revaluation gain during the year -net of tax | - | - | 1,105,000 | - | 1,105,000 |
| Transfer to legal reserve | - | 257,950 | - | (257,950) | - |
| <i>Transactions with shareholders, recorded directly in equity</i> | | | | | |
| Dividend paid (note 31) | - | - | - | (1,400,000) | (1,400,000) |
| At 31 August 2023 | 7,000,000 | 4,380,370 | 6,406,623 | 3,453,677 | 21,240,670 |

The notes on pages 10 to 44 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-4.

Oman Education and Training Investment Company SAOG

Separate statement of changes in shareholders' equity for the year ended 31 August 2023

Parent Company

| | Share capital RO | Legal reserve RO | Retained earnings RO | Total RO |
|--|------------------------|------------------------|----------------------------|--------------------|
| At 1 September 2021 | 7,000,000 | 1,890,786 | 2,553,048 | 11,443,834 |
| <i>Total comprehensive income</i> | | | | |
| Net profit for the year | - | - | 1,609,498 | 1,609,498 |
| Transfer to legal reserve <i>Transaction with the shareholders, recorded directly in equity</i> | - | 160,950 | (160,950) | - |
| Dividend paid (note 31) | - | - | (1,750,000) | (1,750,000) |
| | | | | |
| At 1 September 2022 | 7,000,000 | 2,051,736 | 2,251,596 | 11,303,332 |
| <i>Total comprehensive income</i> | | | | |
| Net profit for the year | - | - | 2,379,501 | 2,379,501 |
| Transfer to legal reserve <i>Transaction with the shareholders, recorded directly in equity</i> | - | 237,950 | (237,950) | - |
| Dividend paid (note 31) | - | - | (1,400,000) | (1,400,000) |
| | | | | |
| At 31 August 2023 | 7,000,000 | 2,289,686 | 2,993,147 | 12,282,833 |

The notes on pages 10 to 44 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-4.

Oman Education and Training Investment Company SAOG

Consolidated and separate statement of cash flows for the year ended 31 August 2023

| | 2023 | | 2022 | |
|---|--------------------|-------------------------|--------------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Operating activities | | | | |
| Profit before tax for the year | 3,607,736 | 2,379,501 | 2,295,545 | 1,609,498 |
| Adjustments for: | | | | |
| Depreciation of property and equipment | 1,095,931 | 13,074 | 1,084,349 | 886 |
| Amortisation of right-of-use asset | 13,269 | - | 13,269 | - |
| Provision for end-of-service benefits | 180,518 | 5,031 | 205,797 | 4,244 |
| Finance income | (115,307) | - | (26,763) | - |
| Finance costs | 7,992 | - | 8,585 | - |
| Gain on disposal of property and equipment | (241) | - | 103 | - |
| Release of deferred grant related to assets | (472,332) | - | (472,332) | - |
| Impairment of property and equipment | 123,700 | - | 221,864 | - |
| Dividend income | - | (3,065,000) | - | (2,110,000) |
| Operating cash flows before working capital changes | 4,441,266 | (667,394) | 3,330,417 | (495,372) |
| Changes in working capital: | | | | |
| Inventories | 3,222 | - | (14,434) | - |
| Due from subsidiaries | - | (102,409) | - | (520,049) |
| Fee and other receivables | (4,221,233) | 1,095 | 774,417 | (696) |
| Students' deposits | (24,031) | - | (72,339) | - |
| Due to subsidiaries | - | (88,938) | - | 132,498 |
| Trade and other payables | 3,036,903 | 151,192 | (1,690,778) | (159,379) |
| Cash generated from / (used in) operating activities | 3,236,129 | (706,454) | 2,327,283 | (1,042,998) |
| Income tax paid | (615,190) | - | (676,442) | - |
| End-of-service benefits paid | (74,018) | - | (185,879) | (735) |
| Net cash generated from / (used in) operating activities | 2,546,921 | (706,454) | 1,464,962 | (1,043,733) |
| Investing activities | | | | |
| Purchase of property and equipment | (342,212) | (5,774) | (419,045) | (126,981) |
| Finance income received | 115,307 | - | 26,763 | - |
| Proceeds from disposal of property and equipment | 3,595 | 14 | 3,149 | - |
| Dividend received | - | 2,110,000 | - | 2,933,000 |
| Net cash (used in)/ from investing activities | (223,310) | 2,104,240 | (389,133) | 2,806,019 |
| Financing activities | | | | |
| Payment of lease liabilities- principal | (10,477) | - | (9,957) | - |
| Payment of lease liabilities-interest | (7,992) | - | (8,585) | - |
| Dividend paid | (1,400,000) | (1,400,000) | (1,750,000) | (1,750,000) |
| Net cash used in financing activities | (1,418,469) | (1,400,000) | (1,768,542) | (1,750,000) |
| Change in cash and cash equivalents | 905,142 | (2,214) | (692,713) | 12,286 |
| Cash and cash equivalents at the beginning of the year | 5,763,147 | 16,806 | 6,455,860 | 4,520 |
| Cash and cash equivalents at the end of the year (note 10) | 6,668,289 | 14,592 | 5,763,147 | 16,806 |

The notes on pages 10 to 44 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-4.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023

1 Legal status and principal activities

Oman Education and Training Investment Company SAOG (“the Parent Company”) is an Omani Joint Stock Company incorporated in the Sultanate of Oman on 9 November 1998 under a trade license issued by the Ministry of Commerce, Industry and Investment Promotion. The Company’s Head Office is located at Sohar and its registered address is at PO Box 44, Sohar, Postal Code 311, Sultanate of Oman. The Parent Company is a subsidiary of Global Financial Investments Holding SAOG, which is the Ultimate Parent Company.

These consolidated and separate financial statements include the result of operations and assets and liabilities of the Parent Company and its subsidiaries (together referred to as “the Group”).

The principal activities of the Parent Company is investment and training services and providing higher education services. The principal activities of the Group is investment and training services, providing higher education services, maintenance and cleaning services and vocational training services.

Details about subsidiaries and associates are as follow:

| Name of the subsidiary | Proportion of ownership interest | Principal activity |
|--|---|-------------------------------|
| Sohar University LLC | 99.99% | Higher education and training |
| Modern Catering Company LLC | 99.90% | Cleaning and maintenance |
| Tasees Company for Training and Services LLC | 99.93% | Vocational training |

The remaining shareholding is held by other subsidiaries, and hence there is no non-controlling interest at the reporting date. The subsidiaries are incorporated in the Sultanate of Oman.

| Name of the associate | Proportion of ownership interest | Principal activity |
|--|---|---|
| Intaj Suhar for Advanced Manufacturing LLC | 47% | Manufacturing and engineering consultancy |

2 Basis of preparation

Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the applicable provisions of the Commercial Companies Law of the Sultanate of Oman and the disclosure requirements of the Capital Market Authority of the Sultanate of Oman.

Subsequent references in these financial statements refer to both the financial statements of the Parent Company and the consolidated financial statements of the Group.

Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis, except for freehold land which is stated at revalued amount.

Functional currency

These consolidated and separate financial statements are presented in Rial Omani (RO), which is the functional and reporting currency of the Group and the Parent Company.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

3 New and revised International Financial Reporting Standards

Standards, amendments and interpretations effective and adopted in the year 2022-23

The following new standards, amendments to existing standards or interpretations to published standards are mandatory for the first time for the financial year beginning on or after 1 January 2022 and have been adopted in the preparation of the consolidated and separate financial statements:

| Standard or Interpretation | Title | Effective for annual period beginning on or after |
|---|---|--|
| Amendments to IAS 37 | Onerous Contracts: Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to IAS 16 | Property, Plant and Equipment: Proceeds Before Intended Use | 1 January 2022 |
| Amendments to IFRS 1, IFRS 9 and IAS 41 | Annual Improvements to IFRS Standards 2018-2020 | 1 January 2022 |
| Amendments to IFRS 3 | References to Conceptual Framework | 1 January 2022 |

Amendments to IAS 37: Onerous Contracts: Cost of Fulfilling a Contract

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The amendment had no impact on the consolidated and separate financial statements of the Group and the Parent Company as there were no onerous contracts.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds Before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment had no impact on the consolidated and separate financial statements of the Group and the Parent Company as there were no sales of items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Annual Improvements to IFRS Standards 2018-2020

- Amendments to IFRS 1: Subsidiary as a First-time Adopter
- IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial liabilities
- IAS 41 Agriculture – Taxation in Fair Value Measurements

These amendments had no impact on the consolidated and separate financial statements of the Group and the Parent Company.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

3 New and revised International Financial Reporting Standards (continued)

Standards, amendments and interpretations effective and adopted in the year 2022-23
(continued)

Amendments to IFRS 3: References to Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

This amendment had no impact on the consolidated and separate financial statements of the Group and the Parent Company.

Standards, amendments and interpretations issued but not yet effective in the year 2022-23

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 31 August 2023. They have not been adopted in preparing the financial statements for the year ended 31 August 2023.

| Standard or Interpretation | Title | Effective for annual periods beginning on or after |
|-----------------------------------|---|---|
| IFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to IAS 1 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to IAS 8 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to IAS 12 | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | 1 January 2023 |
| Amendments to IFRS 16 | Leases: Liability in a Sale and Leaseback Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IAS 1 | Non-current Liabilities with Covenants | 1 January 2024 |

The Group and the Parent Company are currently assessing the impact of these new accounting standards and amendments. The Group and the Parent Company does not expect these amendments and standards issued but not yet effective, to have a material impact on the consolidated and separate financial statements.

4 Summary of significant accounting policies

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

Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Parent Company and the subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) controlled by the Parent Company. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent Company. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

In the Parent Company's separate financial statements, investments in subsidiaries are stated at cost, less provision for impairment in value of any individual investment.

Dividend income is recognised in profit or loss in the period in which entitlement is established.

Transaction eliminated on consolidation

Intra-group balances and transactions, and any recognised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as recognised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests

The Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the Parent Company and to the non-controlling interests in proportion to their relative ownership interests.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Investment in associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Financial instruments

Financial instruments are recognised when the Group and the Parent Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

The Group and the Parent Company determines the classification of its financial assets at initial recognition. The classification depends on the Group and the Parent Company's business model for managing the financial assets and the contractual terms of the cash flows.

Classification

The financial assets are classified in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- (b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income.

Measurement

At initial recognition, the Group and the Parent Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

The Group and the Parent Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Parent Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Parent Company classifies debt instruments at amortised cost based on the below:

- (a) the asset is held within a business model with the objective of collecting the contractual cash flows; and
- (b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR).

Equity instruments

If the Group and the Parent Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Group's or the Parent Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss is recognised in other gains/(losses) in profit or loss.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group and the Parent Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Parent Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Parent Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group and the Parent Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group and the Parent Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group and the Parent Company determines that its business model has changed in a way that is significant to its operations, than it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated. The Group and the Parent Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Impairment of financial assets

The Group and the Parent Company applies Expected Credit Loss model (ECL) for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortised cost e.g., fee receivables.

ECL is the probability-weighted estimate of credit losses (i.e., present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Group and the Parent Company expects to receive. The ECL considers the amount and timing of payments and hence a credit loss arises even if the Group and the Parent Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 months ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 months ECL' represent the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that result from all possible default events over the expected life of the financial asset.

Fee receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 months ECL. The Group and the Parent Company uses the practical expedient in IFRS 9 for measuring ECL for fee receivables using a provisioning matrix based on ageing of the fee receivables.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group and the Parent Company uses historical loss experience and derived loss rates and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Income recognition

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Group and the Parent Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Financial liabilities

The Group and the Parent Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

Classification

The financial liabilities are classified in the following measurement categories:

- a) those to be measured as financial liabilities at fair value through profit or loss; and
- b) those to be measured at amortised cost.

Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

The Group and the Parent Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, and subsequently measured at fair value.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Measurement (continued)

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to trade and other payables.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Property and equipment

Property and equipment, other than freehold land and capital work-in-progress is stated at historical cost less accumulated depreciation and any identified impairment loss.

Freehold land is measured at revalued amount less impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is charged so as to write-off the cost of assets, except freehold land and capital work-in-progress over their estimated useful lives, using the straight-line method, on the following basis:

| | Years |
|-----------------------------------|--------------|
| Buildings | 40 |
| Furniture, fixtures and equipment | 5 |
| Motor vehicles | 5 |
| Library books | 5 |
| Computers | 5 |
| Porta-cabins | 6-7 |
| Others | 5 |

The gains or losses on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the net book value of the asset and is recognised in profit or loss.

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amounts, it is written-down immediately to its recoverable amounts.

Repair and maintenance of property and equipment is charged to profit or loss when incurred.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Revaluation surplus

Surplus on revaluation of freehold land is credited to the property revaluation reserve (net of deferred tax). Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred directly to retained earnings in equity.

Capital work-in-progress

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment category and depreciated in accordance with their estimated useful lives.

Impairment of non-financial assets

The carrying amounts of the Group's and the Parent Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of the Group's and the Parent Company's receivables is calculated as the present value of future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. The recoverable amount of other assets is the greater of their net selling price and value-in-use.

In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

The Group and the Parent Company assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, consistent with accounting policy of previous year for all operating leases, the Group and the Parent Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Inventories

Inventories at the reporting date consist of books, stationery and consumable items, and are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all costs necessary to make the sale.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Deferred grant related to assets

Subsidies were granted by the Government of the Sultanate of Oman and the private sector towards the purchase and construction of property and equipment. The subsidy was credited to deferred grant related to assets and is recognised in profit or loss over the useful life of property and equipment which were financed by the subsidy.

Non-monetary government grants are recognised at nominal value.

End-of-service benefits

Contributions to a defined contribution retirement plan for Omani employees, in accordance with the Oman Social Insurance Scheme, are recognised as expense in profit or loss when incurred.

The Group's and the Parent Company's obligation in respect of non-Omani terminal benefits, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

Provisions

Provisions are recognised when the Group and the Parent Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Taxation

Income tax is calculated as per the fiscal regulations of the Sultanate of Oman.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefits will be realised.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other income

Other income is accounted for on the accrual basis, unless collectability is in doubt.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Revenue recognition

Revenue from services rendered is recognised in profit or loss over the period of service provided to the students as the students simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs. Revenue is recognised in proportion to the stage of completion of the transaction in the accounting period in which the services are rendered and the right to receive the consideration is established. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due.

Interest income

Interest income is accrued over the period, by reference to the principal outstanding and at the interest rate applicable.

Dividend income

Dividend income on investments is recognised when the right to receive payment is established.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Group and the Parent Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Cash and cash equivalents

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents, cash and cash equivalents consist of cash on hand, bank balances and fixed deposits with maturities of less than three months from the date of placement, net of outstanding bank overdraft, if any.

Directors' remuneration

Directors' remuneration is computed in accordance with the provisions of the Commercial Companies Law and the requirements of the Capital Market Authority and is charged to profit or loss.

Equity

Items representing a residual interest in the Group's and the Parent Company's net assets are presented as part of shareholders' equity. Such items include issued and paid-up share capital.

Dividends

Dividend is recognized as a liability in the year in which they are declared.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and the Parent Company and, accordingly, are not included in these consolidated and separate financial statements.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated and separate financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment in the year ended 31 August 2023, are included in the following notes:

Key sources of estimation uncertainty

Allowance for impaired fees receivable

When measuring ECL, the Group and the Parent Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Revaluation of freehold land

The Group measures the freehold land at revalued amount, with changes in value being recognised in other comprehensive income (OCI). The value of freehold land is determined using the market comparable method with reference to transactions involving properties of a similar nature, location and condition. The Group engages an independent valuation specialist who has valuation experience for similar properties, to assess the value of freehold land who valued the freehold land on 23 February 2023.

Fair value of the land is categorized under Level 3 based on comparable method where significant unobservable adjustments or assumptions are used for valuation. The fair value of the land is RO 8 million for two plots with the total area of 165,290 square metres. Any increase or decrease in fair value by 5% would increase or decrease the other comprehensive income by RO 340,000, net of tax (refer note 5).

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

4 Summary of significant accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty (continued)

Useful lives of property and equipment

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Allowance for slow-moving and obsolete inventories

Allowance for slow-moving and obsolete inventories is based on management's assessment of various factors such as the usability and normal wear and tear using its best estimates.

Estimation of fair value of financial instruments

The Group and the Parent Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in the active market for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments that are valued based on quoted prices of similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Going concern

The management of the Group and the Parent Company review the consolidated and separate financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they fall due. In addition, the shareholders of the Parent Company ensure that they provide adequate financial support to fund the requirements of the Group to ensure the going concern status of the Parent Company and its subsidiaries.

Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Group and the Parent Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Group and the Parent Company. The amount of such provisions is based on various factors, such as experience

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

4 Summary of significant accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty (continued)

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
- b) timing and quantum of future capital expenditure;
- c) long-term growth rates and
- d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's and the Parent Company's impairment evaluation and hence results.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

5. Property and equipment

| Group | Freehold land RO | Buildings RO | Furniture and fixtures RO | Motor vehicles RO | Library books RO | Computers RO | Porta-cabins RO | Others RO | Capital work-in-progress RO | Total RO |
|------------------------------------|------------------|-------------------|---------------------------|-------------------|------------------|------------------|-----------------|------------------|-----------------------------|-------------------|
| | | | | | | | | | | |
| Cost / Valuation | | | | | | | | | | |
| 1 September 2021 | 6,700,000 | 31,471,696 | 3,204,135 | 271,916 | 323,357 | 2,014,569 | 647,676 | 1,493,302 | 1,167,693 | 47,294,344 |
| Additions | - | - | 40,838 | - | 14,248 | 226,409 | - | 11,353 | 126,197 | 419,045 |
| Disposal | - | - | (238,268) | - | - | (54,581) | - | (2,525) | - | (295,374) |
| 1 September 2022 | 6,700,000 | 31,471,696 | 3,006,705 | 271,916 | 337,605 | 2,186,397 | 647,676 | 1,502,130 | 1,293,890 | 47,418,015 |
| Additions | - | 2,888 | 126,500 | - | 11,644 | 184,156 | - | 11,654 | 5,370 | 342,212 |
| Disposals | - | - | (132,977) | (2,273) | - | (293,175) | (131,695) | (356) | - | (560,476) |
| Transfers | - | 131,567 | - | - | - | - | - | - | (131,567) | - |
| Revaluation gain | 1,300,000 | - | - | - | - | - | - | - | - | 1,300,000 |
| 31 August 2023 | 8,000,000 | 31,606,151 | 3,000,228 | 269,643 | 349,249 | 2,077,378 | 515,981 | 1,513,428 | 1,167,693 | 48,499,751 |
| Depreciation and impairment | | | | | | | | | | |
| 1 September 2021 | - | 7,660,933 | 3,042,349 | 234,653 | 277,086 | 1,822,486 | 390,289 | 1,419,524 | - | 14,847,320 |
| Charge for the year | - | 786,661 | 63,477 | 15,738 | 17,265 | 94,189 | 72,401 | 34,618 | - | 1,084,349 |
| Impairment | - | - | - | - | - | - | - | - | 221,864 | 221,864 |
| Disposals | - | - | (235,635) | - | - | (54,089) | - | (2,398) | - | (292,122) |
| 1 September 2022 | - | 8,447,594 | 2,870,191 | 250,391 | 294,351 | 1,862,586 | 462,690 | 1,451,744 | 221,864 | 15,861,411 |
| Charge for the year | - | 799,484 | 65,756 | 12,631 | 18,190 | 107,402 | 67,121 | 25,347 | - | 1,095,931 |
| Impairment | - | - | - | - | - | - | - | - | 123,700 | 123,700 |
| Disposals | - | - | (131,852) | (2,272) | - | (290,947) | (131,695) | (354) | - | (557,120) |
| 31 August 2023 | - | 9,247,078 | 2,804,095 | 260,750 | 312,541 | 1,679,041 | 398,116 | 1,476,737 | 345,564 | 16,523,922 |
| Net book value | | | | | | | | | | |
| 31 August 2023 | 8,000,000 | 22,359,073 | 196,133 | 8,893 | 36,708 | 398,337 | 117,865 | 36,691 | 822,129 | 31,975,829 |
| 31 August 2022 | 6,700,000 | 23,024,102 | 136,514 | 21,525 | 43,254 | 323,811 | 184,986 | 50,386 | 1,072,026 | 31,556,604 |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

5. Property and equipment (continued)

| Parent Company | Furniture, fixtures and equipment RO | Buildings RO | Motor vehicles RO | Computers RO | Capital work-in- progress RO | Total RO |
|-------------------------------------|---|-----------------|-------------------------|-----------------|---------------------------------------|----------------|
| Cost | | | | | | |
| At 1 September 2021 | 19,085 | - | 13,968 | 7,793 | - | 40,846 |
| Additions | - | - | - | 784 | 126,197 | 126,981 |
| At 1 September 2022 | 19,085 | - | 13,968 | 8,577 | 126,197 | 167,827 |
| Additions | - | - | - | 404 | 5,370 | 5,774 |
| Transfer | - | 131,567 | - | - | (131,567) | - |
| Disposals | (1,118) | - | - | (3,827) | - | (4,945) |
| At 31 August 2023 | 17,967 | 131,567 | 13,968 | 5,154 | - | 168,656 |
| Accumulated depreciation | | | | | | |
| At 1 September 2021 | 18,636 | - | 13,968 | 6,928 | - | 39,532 |
| Charge for the year | 410 | - | - | 476 | - | 886 |
| At 1 September 2022 | 19,046 | - | 13,968 | 7,404 | - | 40,418 |
| Charge for the year | 36 | 12,651 | - | 387 | - | 13,074 |
| Disposal | (1,115) | - | - | (3,816) | - | (4,931) |
| At 31 August 2023 | 17,967 | 12,651 | 13,968 | 3,975 | - | 48,561 |
| Carrying amount | | | | | | |
| At 31 August 2023 | - | 118,880 | - | 1,179 | - | 120,095 |
| At 31 August 2022 | 39 | - | - | 1,173 | 126,197 | 127,409 |

Freehold land was revalued at its open market value of RO 8 million by an independent professional valuer as of 23 February 2023. The surplus of RO 1.3 million arising on revaluation, has been taken, net of tax of RO 195,000 to property revaluation reserve which is included as a separate component in equity. The revaluation reserve is not available for distribution.

The title of the freehold land is in the name of the Parent Company, who holds it on behalf, and for the beneficial interest of its subsidiary-Sohar University LLC.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

5. Property and equipment (continued)

If freehold land was measured using the cost model, the carrying amounts would be as follows:

| | 2023 | | 2022 | |
|------|----------|-------------------|----------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Cost | 462,796 | - | 462,796 | - |

Work-in-progress represents cost incurred on the construction of sports complex and commercial centre inside the University in the years 2013 to 2015. During the year, Management has impaired capital-work-in progress to the extent of RO 123,700 (2022: RO 221,864) for the Group based on decline in value. Capital work-in-progress of the Parent Company relates to construction of Tasees Institute Training Workshop and car parking and boundary wall which was completed during the year.

6. Right-of-use asset and lease liabilities

a) Right-of-use asset

| | 2023 | | 2022 | |
|---------------------|----------|-------------------|----------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| At 1 September | 139,536 | - | 152,805 | - |
| Amortisation charge | (13,269) | - | (13,269) | - |
| At 31 August | 126,267 | - | 139,536 | - |

The right-of-use asset is related to lease of two plots of land in the University from the Diwan of Royal Court-Sohar Municipality by one of the subsidiaries for a period of 20 years each with an option to extend the lease term.

b) Lease liabilities

| | 2023 | | 2022 | |
|-------------------------------|----------|-------------------|----------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| At 1 September | 144,502 | - | 154,459 | - |
| Interest on lease liabilities | 7,992 | - | 8,585 | - |
| Paid during the year | (18,469) | - | (18,542) | - |
| At 31 August | 134,025 | - | 144,502 | - |
| Comprise of: | | | | |
| Current portion | 11,003 | - | 10,380 | - |
| Non-current portion | 123,022 | - | 134,122 | - |
| At 31 August | 134,025 | - | 144,502 | - |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
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7. Investments

a) Investments in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries listed in the following table. All of the subsidiaries are incorporated in the Sultanate of Oman.

| Subsidiary companies | Country of Incorporation | Principal activity | 2023 | | 2022 | |
|--|--------------------------|--------------------------|--------------------|-------------------|-------------------|-------------------|
| | | | Percentage held* % | Carrying value RO | Percentage held % | Carrying value RO |
| Sohar University LLC | Sultanate of Oman | Education | 99.99 | 5,999,400 | 99.99 | 5,999,400 |
| Modern Catering Co. LLC | Sultanate of Oman | Cleaning and maintenance | 99.90 | 249,750 | 99.90 | 249,750 |
| Tasees Company for Training and Services LLC | Sultanate of Oman | Vocational Training | 99.93 | 149,900 | 99.93 | 149,900 |
| | | | | 6,399,050 | | 6,399,050 |

*The remaining shareholding is held by other subsidiaries, and, hence there is no non-controlling interest at the reporting date. During the year, Sohar University LLC declared dividend of RO 3,000,000 (2022: RO 2,020,000) and Modern Catering Company LLC declared dividend of RO 65,000 (2022: RO 90,000) which has been recognized in profit or loss by the Parent Company.

At reporting date, the management has tested the investment in subsidiaries for impairment and has concluded that there are no impairment losses as at 31 August 2023.

b) Investment in an associate

During the year 2022, a subsidiary-Sohar University LLC, formed a wholly owned company Intaj Suhar for Advanced Manufacturing LLC incorporated in Sultanate of Oman. The principal activity of Intaj Suhar for Advanced Manufacturing LLC is manufacturing and engineering consultancy.

During 2018, Sohar University commenced research work and set up two facilities which were completed during the year 2023. These facilities were set up on instruction of the Ministry of Commerce, Industry and Investment Promotion (MOCIIP) and it was financed by the Ministry of Finance. As per the agreement, upon completion, all the assets of the facilities will be transferred to MOCIIP.

During the year, MOCIIP has entered into an agreement with Sohar University and Industrial Innovation Academy LLC, and as per the agreement, MOCIIP assigned the assets of these two projects in favor of Intaj Suhar for Advanced Manufacturing LLC (ISAM) and will transfer the assets after completion of legal formalities.

As per the agreement, Industrial Innovation Academy LLC received 53% shareholding in ISAM and remaining 47% shares are held by Sohar University. The Group requires prior approval from MOCIIP to mortgage or sell its share or any of the assets of ISAM. Further, the Group will also allocate land on five years lease without any cost to ISAM.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

7. Investments (continued)

b) Investment in an associate (continued)

The Group has recorded the investment in associate at cost. The Group has not recognised any assets and liabilities and will be recognised upon completion of the legal formalities and meeting the conditions of the financial grant.

8. Inventories

| | 2023 | | 2022 | |
|-----------------------------------|---------------|-------------------|---------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Spare parts and maintenance items | 4,692 | - | 5,503 | - |
| Books/Periodical stock | 25,202 | - | 27,613 | - |
| | <u>29,894</u> | <u>-</u> | <u>33,116</u> | <u>-</u> |

9. Fee and other receivables

| | 2023 | | 2022 | |
|--|------------------|-------------------|----------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Fees receivable (gross) | 5,555,611 | - | 1,400,358 | 107,649 |
| Trade receivables | 16,200 | - | 49,902 | - |
| Less: provision for expected credit losses | (598,893) | - | (706,542) | (107,649) |
| Fee receivables (net) | <u>4,972,918</u> | <u>-</u> | <u>743,718</u> | <u>-</u> |
| Prepayments | 78,345 | 1,713 | 70,255 | 2,805 |
| Due from employees | 610 | - | 216 | - |
| Other receivables | 15,150 | - | 39,098 | - |
| Advances to contractors and suppliers | 521,091 | - | 513,594 | - |
| Less: allowance for impaired advances | (503,800) | - | (503,800) | - |
| | <u>17,291</u> | <u>-</u> | <u>9,794</u> | <u>-</u> |
| | <u>5,084,314</u> | <u>1,713</u> | <u>863,081</u> | <u>2,805</u> |

The movement in the provision for expected credit losses on fees receivables is as follows:

| | 2023 | | 2022 | |
|-----------------------------|----------------|-------------------|----------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| At 1 September | 706,542 | 107,649 | 732,139 | 107,649 |
| Written off during the year | (107,649) | (107,649) | (25,597) | - |
| At 31 August | <u>598,893</u> | <u>-</u> | <u>706,542</u> | <u>107,649</u> |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

10. Cash and bank balances

| | 2023 | | 2022 | |
|-------------------------------------|------------------|-------------------------|------------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Cash on hand | 6,800 | - | 11,300 | 500 |
| Current account balances with banks | 1,289,580 | 14,592 | 869,525 | 16,306 |
| Call deposits with banks | 5,356,909 | - | 4,882,322 | - |
| Cash margin | 15,000 | - | 10,000 | - |
| Cash and cash equivalents | 6,668,289 | 14,592 | 5,763,147 | 16,806 |

The current account balances with banks are non-interest bearing.

Call deposits are placed with a national bank in the Sultanate of Oman, which earn an interest rate of 0.25% - 4.5% (2022: 0.75%) per annum, paid monthly in arrears.

Cash margin is placed against bank guarantees issued in the normal course of business, for a total period of 90 calendar days.

11. Share capital

| | 2023 | | 2022 | |
|---|------------|------------|------------|------------|
| | RO | % | RO | % |
| Authorized share capital | | | | |
| 100,000,000 ordinary shares of RO 0.100 each | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Issued and fully paid-up share capital | | | | |
| 70,000,000 ordinary shares of RO 0.100 each | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |

At the reporting date, the following shareholders held 10% or more of the Parent Company's shares:

| | 2023 | | 2022 | |
|---|-----------|-------|-----------|-------|
| | RO | % | RO | % |
| Global Financial Investments Holding SAOG | 2,637,666 | 37.68 | 2,637,666 | 37.68 |

12. Legal reserve

The legal reserve, which is not available for distribution is calculated in accordance with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman. The annual appropriations are 10% of the net profit for the year until such time as the reserve equal to at least one-third of the issued and fully paid-up share capital. The reserve in the consolidated financial statements represents the sum of legal reserve transferred by the Parent Company and its subsidiaries.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

13. Deferred grant related to assets

| | 2023 | | 2022 | |
|--|-------------------|-------------------------|-------------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Government grants | | | | |
| At 1 September | 14,484,325 | - | 14,956,657 | - |
| Released to profit or loss during the year | (472,332) | - | (472,332) | - |
| Total at 31 August | 14,011,993 | - | 14,484,325 | - |
| Less: current portion | (472,332) | - | (472,332) | - |
| Non-current portion | 13,539,661 | - | 14,011,993 | - |

According to the Board of Higher Education's decision No. 3/2003 dated 3 March 2003, the subsidiary was granted a Government subsidy of RO 1,407,500 towards financing part of the buildings and other installation costs which are required for the subsidiary. At the reporting date, the un-amortised amount of the grant is RO 186,062.

According to the Ministry of Higher Education letter No. 807/2007 dated 6 November 2007, the subsidiary has been granted a conditional Government grant related to assets amounting to RO 1,592,500. At the reporting date the un-amortised amount of the grant is RO 839,767.

According to the Royal Decree issued by His Majesty and the Board of Higher Education letter No. 55/2/3/2007 dated 24 January 2007, the subsidiary was granted a conditional Government grant of RO 17,000,000 towards the infrastructure, buildings, laboratories and main educational halls. At the reporting date, the un-amortised amount of the grant is RO 12,986,164.

14. Finance costs and income

a) Finance costs

| | 2023 | | 2022 | |
|-------------------------------|--------------|-------------------------|--------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Interest on lease liabilities | 7,992 | - | 8,585 | - |
| At 31 August | 7,992 | - | 8,585 | - |

b) Finance income

| | 2023 | | 2022 | |
|-------------------------------------|-------------|-------------------------|-------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Interest on call deposits (Note 10) | 115,307 | - | 26,763 | - |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
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15. Taxation

In accordance with the Ministerial Decision No. 11/2008, the Group had obtained an income tax exemption certificate for five years for the University's activities, which was effective from September 2003. In the year 2008, the Group applied for an extension of exemption for additional five years starting from September 2008, which was granted by the Tax Authority. For the financial year 2014 onwards, the Group has become taxable since the expiry of the second exemption period in the year 2013.

The Group provides for income tax in accordance with the Income Tax Laws of the Sultanate of Oman at the rate of 15% of the taxable profits (2022: 15%).

| | 2023 | | 2022 | |
|--|-----------|-------------------|-----------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Statement of financial position | | | | |
| Deferred tax liability | 1,537,770 | - | 1,261,875 | - |
| Income tax payable | | | | |
| At 1 September | 657,904 | - | 925,193 | - |
| Charge for the year | 608,803 | - | 409,153 | - |
| Less: income tax paid | (615,190) | - | (676,442) | - |
| Income tax payable | 651,517 | - | 657,904 | - |
| | | | | |
| | 2023 | | 2022 | |
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Statement of profit or loss | | | | |
| Current year | 608,803 | - | 409,153 | - |
| Deferred tax | 80,895 | - | 83,971 | - |
| | 689,698 | - | 493,124 | - |

The following is a reconciliation of income taxes calculated on accounting results at the applicable tax rate with the income tax expense for the year:

| | 2023 | | 2022 | |
|-----------------------------------|-----------|-------------------|-----------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Profit before tax for the year | 3,607,736 | 2,379,501 | 2,295,545 | 1,609,498 |
| Tax at the rate of 15% | 541,160 | 356,925 | 344,332 | 241,425 |
| Tax effect on exempt income | - | (356,925) | - | (241,425) |
| Non-deductible expenses | 104,437 | - | 105,059 | - |
| Deferred tax asset not recognised | 44,101 | - | 43,733 | - |
| | 689,698 | - | 493,124 | - |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

15. Taxation (continued)

Status of assessments

Parent Company

The assessments of the Parent Company have been completed by the Tax Authority up to the tax year 2018. The management of the Parent Company believes that any additional taxes that may arise on completion of the tax assessments for the open tax years will not be significant to the Parent Company's results and financial position as at 31 August 2023.

Subsidiaries

The income tax assessments of the subsidiary- Sohar University LLC have been completed by the Tax Authority up to the tax year 2018.

The income tax assessments of the subsidiary-Modern Catering Company LLC have been completed by the Tax Authority up to the tax year 2018.

The income tax assessments of the subsidiary-Tasees Company for Training and Services LLC have been completed by the Tax Authority up to the tax year 2017.

The management believes that any additional taxes that may arise on completion of the tax assessments for the open tax years of the subsidiaries will not be significant to the consolidated results and consolidated financial position as at 31 August 2023.

Recognised deferred tax liabilities are attributable to the following items:

| Group | At 1 September RO | Recognised in | | At 31 August RO |
|--|-------------------------|-------------------------|--|-----------------------|
| | | Profit or loss RO | Other comprehensive income RO | |
| 2023 | | | | |
| Revaluation surplus on freehold land | (935,581) | - | (195,000) | (1,130,581) |
| Provision for expected credit losses on fees receivable and advances | 165,403 | - | - | 165,403 |
| Right-of-use asset | 745 | 35 | - | 780 |
| Property and equipment | (492,442) | (80,930) | - | (573,372) |
| Net deferred tax liability | (1,261,875) | (80,895) | (195,000) | (1,536,770) |
| 2022 | | | | |
| Revaluation surplus on freehold land | (935,581) | - | - | (935,581) |
| Provision for expected credit losses on fees receivable and advances | 169,243 | (3,840) | - | 165,403 |
| Right-of-use asset | 248 | 497 | - | 745 |
| Property and equipment | (411,814) | (80,628) | - | (492,442) |
| Net deferred tax liability | (1,177,904) | (83,971) | - | (1,261,875) |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

16. End-of-service benefits

| | 2023 | | 2022 | |
|-------------------------------|------------------|-------------------|------------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| At 1 September | 1,138,903 | 30,712 | 1,118,985 | 27,203 |
| Charge for the year (Note 21) | 180,518 | 5,031 | 205,797 | 4,244 |
| Paid during the year | (74,018) | - | (185,879) | (735) |
| At 31 August | 1,245,403 | 35,743 | 1,138,903 | 30,712 |

17. Trade and other payables

| | 2023 | | 2022 | |
|--|------------------|-------------------|------------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Trade payables | 253,421 | - | 214,719 | 13,971 |
| Accrued expenses | 912,077 | 26,042 | 629,261 | 14,698 |
| Advance tuition fees | 2,387,762 | - | 373,471 | - |
| Provision for leave salary and air passage | 143,458 | 16,821 | 78,720 | 13,203 |
| Students' deposits (note 17.1) | 104,516 | - | 118,800 | - |
| Research grant (note 17.2) | 421,455 | - | 256,273 | - |
| Retentions payable | 9,508 | 2,746 | 9,637 | 2,702 |
| Directors' remuneration | 300,000 | 300,000 | 150,000 | 150,000 |
| Other payables | 434,705 | 160 | 99,118 | - |
| | 4,966,902 | 345,769 | 1,929,999 | 194,574 |

17.1 Students' deposits

| | 2023 | | 2022 | |
|-----------------------|---------------|-------------------|----------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Total deposits | 200,829 | - | 239,144 | - |
| Less: current portion | (104,516) | - | (118,800) | - |
| At 31 August | 96,313 | - | 120,344 | - |

That portion of the students' deposits which are payable within 12 months of the reporting date is disclosed as current portion of students' deposits.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

17. Trade and other payables (continued)

17.2 Research grant

The Group had received research grant jointly from The Research Council of Oman (TRC), National Training Fund and certain other entities for carrying out educational research work. The movement in the research grant is as follows:

| | 2023 | | 2022 | |
|--------------------------|----------------|-------------------------|----------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| At 1 September | 256,273 | - | 144,676 | - |
| Received during the year | 312,785 | - | 175,098 | - |
| Utilised during the year | (147,603) | - | (63,501) | - |
| At 31 August | 421,455 | - | 256,273 | - |

18. Net assets per share

Net assets per share is calculated by dividing the net assets at the end of the year attributable to shareholders of the Parent Company, by the number of shares outstanding as follows:

| | 2023 | | 2022 | |
|---------------------------|-------------|-------------------------|-------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Net assets (RO) | 21,240,670 | 12,282,833 | 18,617,632 | 11,303,332 |
| Number of ordinary shares | 70,000,000 | 70,000,000 | 70,000,000 | 70,000,000 |
| Net assets per share (RO) | 0.303 | 0.175 | 0.266 | 0.161 |

19. Tuition and training fees

| | 2023 | | 2022 | |
|--------------------|-------------------|-------------------------|-------------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Students' fees | 14,680,792 | - | 12,248,054 | - |
| Admission fees | 86,500 | - | 23,800 | - |
| Training fee | 653,472 | - | 179,902 | - |
| Miscellaneous fees | 8,804 | - | 1,759 | - |
| | 15,429,568 | - | 12,453,515 | - |

Students' tuition and training fees are earned from the services provided in the Sultanate of Oman and recognised over the period of the education services provided to the students.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
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20. Other income

| | 2023 | | 2022 | |
|--|----------------|---------------|----------------|---------------|
| | Group | Parent | Group | Parent |
| | RO | RO | RO | RO |
| Students' accommodation fee | 412,599 | - | 322,779 | - |
| Gain on disposal of property and Equipment | 241 | - | - | - |
| Income from language classes | 107,196 | - | 102,753 | - |
| Rental income | 84,446 | - | 63,985 | - |
| Write-back of payables | - | - | 38,393 | 10,207 |
| Income from summer school | 13,460 | - | 13,305 | - |
| Graduation fee income | 12,564 | - | 25,440 | - |
| Income from short courses | 11,764 | - | 19,352 | - |
| Miscellaneous income | 46,404 | 14,000 | 22,360 | 125 |
| | 688,674 | 14,000 | 608,367 | 10,332 |

21. Salaries and other related staff costs

| | 2023 | | 2022 | |
|-----------------------------------|------------------|----------------|------------------|----------------|
| | Group | Parent | Group | Parent |
| | RO | RO | RO | RO |
| Salaries and allowances | 6,934,857 | 218,998 | 6,611,316 | 211,060 |
| Employees' bonus | 605,545 | 20,499 | 313,541 | 9,783 |
| Leave pay | 622,688 | 3,907 | 560,050 | - |
| Social security | 482,948 | 13,141 | 469,456 | 9,289 |
| End-of-service benefits (note 16) | 180,518 | 5,031 | 205,797 | 4,244 |
| Air passage | 106,374 | 663 | 69,250 | 429 |
| Other costs | 249,153 | 12,517 | 223,326 | 5,240 |
| | 9,182,083 | 274,756 | 8,452,736 | 240,045 |

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Notes to the consolidated and separate financial statements
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22. Administrative and other operating expenses

| | 2023 | | 2022 | |
|---|------------------|-------------------------|------------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Repairs and maintenance | 418,638 | - | 339,884 | - |
| Utilities | 449,729 | - | 427,367 | - |
| Sub-contract cost (see below) | 200,828 | - | - | - |
| Rent | 1,800 | 1,800 | 1,800 | 1,800 |
| Teaching materials | 105,612 | - | 27,156 | - |
| Cleaning expenses | 67,305 | - | 62,730 | - |
| Advertising and marketing | 79,291 | 2,199 | 73,327 | 3,189 |
| Communication | 131,867 | 600 | 124,676 | 729 |
| Entertainment | 45,078 | 1,182 | 23,774 | 713 |
| Travel allowances | 59,835 | 693 | 31,611 | 955 |
| Printing and stationery | 29,779 | 550 | 27,966 | 764 |
| Graduation expenses | 37,691 | - | 64,985 | - |
| Academic expenses | 52,933 | - | 20,074 | - |
| Insurance | 14,720 | 3,773 | 12,693 | 3,618 |
| In-house conferences | 44,126 | - | 25,911 | - |
| Summer school expenses | 7,705 | - | 6,688 | - |
| MSM membership | 10,900 | 10,900 | 11,100 | 11,100 |
| Legal, consultancy and professional fees | 157,313 | 13,446 | 116,191 | 11,794 |
| Vehicle expenses and conveyance | 26,271 | - | 26,437 | 9 |
| Board sitting fees | 58,700 | 58,700 | 60,700 | 60,700 |
| Directors' remuneration | 300,000 | 300,000 | 150,000 | 150,000 |
| Board of governance sitting fees | 37,110 | - | 27,170 | - |
| Continuous education center expenses | 68,102 | - | 80,964 | - |
| Bank charges | 78,881 | 190 | 65,343 | 75 |
| Loss on disposal of property and equipmer | - | 14 | 103 | - |
| Corporate Social Responsibility | 14,500 | 14,500 | 20,000 | 20,000 |
| Taxes (VAT and withholding taxes) | 136,312 | - | 122,676 | - |
| Miscellaneous expenses | 40,144 | 3,122 | 44,378 | 4,457 |
| | 2,675,170 | 411,669 | 1,995,704 | 269,903 |

The sub-contract cost pertains to IT training services outsourced by a subsidiary to Data Peaks LLC.

Oman Education and Training Investment Company SAOG
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for the year ended 31 August 2023 (continued)

23. Earnings per share

| | 2023 | | 2022 | |
|--|------------|-------------------|------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Net profit for the year (RO) | 2,918,038 | 2,379,501 | 1,802,421 | 1,609,498 |
| Weighted average number of shares on issue | 70,000,000 | 70,000,000 | 70,000,000 | 70,000,000 |
| Earnings per share (RO) | 0.042 | 0.034 | 0.026 | 0.023 |

The earnings per share is calculated by dividing the net profit for the year after tax attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the year. Diluted EPS is same as basic EPS as the Group and the Parent Company has not issued any convertible instruments.

24. Related party transactions and balances

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

At 31 August, balances with related parties were as follows:

| | Parent Company | |
|---|------------------|------------------|
| | 2023 RO | 2022 RO |
| Due from subsidiaries: | | |
| Tasees Company for Training and Services LLC- related to operations | 111,379 | 137,623 |
| Sohar University LLC- related to operations | 3,118,269 | 2,989,616 |
| Sohar University LLC- related to dividend | 3,000,000 | 2,020,000 |
| | 6,229,648 | 5,147,239 |
| Due to subsidiaries: | | |
| Modern Catering Company LLC- related to operations | 165,753 | 254,691 |
| Modern Catering Company LLC- related to dividend | (65,000) | (90,000) |
| | 100,753 | 164,691 |

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 August 2023 and 2022, the Group has not recorded any impairment allowance on amounts owed by subsidiaries.

During the year transactions with the related parties are as follows:

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

24. Related parties (continued)

| | 2023 | | 2022 | |
|-----------------|-------------|-------------------------|-------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Dividend income | - | 3,065,000 | - | 2,110,000 |

Compensation of key management personnel

Key management personnel are those persons having direct authority and responsibility for planning, directing and controlling the activities of the Group.

| | 2023 | | 2022 | |
|--|-------------|-------------------------|-------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Short-term employees' benefits | 434,427 | 115,942 | 409,440 | 102,963 |
| Staff retirement benefits | 11,690 | 4,525 | 26,303 | 3,695 |
| Sitting fees - Board of Directors and other committees | 58,700 | 58,700 | 60,700 | 60,700 |
| Sitting fees - Board of Governance | 37,110 | - | 27,170 | - |
| Directors' remuneration | 300,000 | 300,000 | 150,000 | 150,000 |

25. Fiduciary activities

The Group entered into two agreements with the Ministry of Commerce, Industry and Investment Promotion (MOCIIP) to establish two research centers in the University; namely Research Centre for Transformational Industries "RCFTI" and The Pioneer Factory for Moulds and Production Tools "PFFMPT", to support and develop the manufacturing sector in Oman (Note 7(b)). MOCIIP provided the funds to establish and run these projects and supervises the operation of these projects.

| | | |
|------------------------|---------------|-------------|
| Group | 2023 | 2022 |
| | RO | RO |
| Funds under management | 80,591 | 297,129 |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
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26. Contingencies and commitments

| | 2023 | | 2022 | |
|---|----------------|-------------------------|-------------|-------------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| <i>Commitments</i> | | | | |
| Capital commitments for acquisition of property and equipment | 199,208 | - | 107,257 | - |
| <i>Contingency</i> | | | | |
| Outstanding letters of guarantee | - | - | 425,000 | - |

The Group is a party to certain litigations and claims filed by certain employees. The management believes that no additional material liability would arise to the Group upon settlement of these cases.

The Group was engaged in a legal dispute with a Contractor over construction work at Sohar University. The Contractor initially claimed RO 4.21 million in unpaid balances and RO 5.6 million in compensation. In response, the Group counterclaimed RO 5.54 million due to delays, and non-compliance with project requirements. The Arbitrator, in a decision on February 4, 2021, rejected both the Contractor's claim and the University's counterclaim. The Contractor appealed in May 2021, but the Appeal Court rejected it in July 2021. A final appeal to the Supreme Court in August 2021 was also denied in May 2022, compelling the Contractor to pay charges. Consequently, the University offset advances of RO 448,410 against retention payable of RO 959,485 and recognised income of RO 511,075 in profit or loss in previous year.

27. Financial risk management

Overview

Financial instruments consist of financial assets and liabilities. The principal financial assets and liabilities carried on the consolidated and separate statement of financial position includes cash and bank balances, fee and other receivables, bank borrowings, due from and to subsidiaries, students' deposits and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group and the Parent Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk. The Group's and the Parent Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Parent Company's financial performance.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

27. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and the Parent Company's fees receivable from students and balances with banks.

Exposure to credit risk

The carrying amount of each financial asset in the consolidated and separate statement of financial position represents the maximum exposure to credit risk.

The Group's and the Parent Company's bank accounts are placed with reputed financial institutions.

The Group's and the Parent Company's exposure to credit risk is influenced mainly by the individual characteristics of each student/sponsor. The Group and the Parent Company has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables. Management regularly reviews these balances whose recoverability is in doubt.

The Group and the Parent Company establishes a provision for expected credit losses that represents its estimate of potential losses in respect of fee and other receivables.

The exposure to credit risk at the reporting date was on account of:

| | 2023 | | 2022 | |
|-----------------------|-------------------|-------------------|------------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Fees receivable | 4,972,918 | - | 743,718 | - |
| Due from subsidiaries | - | 6,229,648 | - | 5,147,239 |
| Due from employees | 610 | - | 216 | - |
| Other receivables | 15,150 | - | 39,098 | - |
| Bank balances | 6,661,489 | 14,592 | 5,751,847 | 16,306 |
| | 11,650,167 | 6,244,240 | 6,534,879 | 5,163,545 |

The exposure to credit risk for fees receivable as at 31 August was as follows:

| | 2023 | | 2022 | |
|------------------------------|------------------|-------------------|----------------|-------------------|
| | Group RO | Parent Company RO | Group RO | Parent Company RO |
| Ministry of Higher Education | 4,891,251 | - | 602,241 | - |
| Others | 81,667 | - | 141,477 | - |
| | 4,972,918 | - | 743,718 | - |

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

27. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The ageing of fees receivable and related impairment loss at the reporting date was:

| Group | 2023 | | 2022 | |
|--|------------------|-------------------|------------------|-------------------|
| | Gross RO | Loss provision RO | Gross RO | Loss provision RO |
| Past due for 1st academic semester | 45,035 | 5,881 | 527,115 | 16,986 |
| Past due from 2nd academic semester | 4,347,286 | 47,558 | 202,505 | 10,927 |
| Past due from summer academic semester | 661,303 | 27,267 | 14,981 | 1,271 |
| Past due more than 365 days | 518,187 | 518,187 | 705,659 | 677,358 |
| | <u>5,571,811</u> | <u>598,893</u> | <u>1,450,260</u> | <u>706,542</u> |
| Parent Company | | | | |
| Past due more than 365 days | - | - | 107,649 | 107,649 |
| | <u>-</u> | <u>-</u> | <u>107,649</u> | <u>107,649</u> |

Unimpaired fee receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group and the Parent Company to obtain collateral over fee receivable.

Liquidity risk

Liquidity risk is the risk that the Group and the Parent Company will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Group's and the Parent Company's approach to managing liquidity is to ensure, as far as possible that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Parent Company's reputation.

Typically, the Group and the Parent Company ensures that they have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group and the Parent Company has access to credit facilities.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
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27. Financial risk management (continued)

Liquidity risk (continued)

The following are the maturities of the financial liabilities, excluding interest expenses:

| | Carrying amount RO | Contractual cash flows RO | Within a year RO | More than a year RO |
|-----------------------|--------------------------|---------------------------------|------------------------|---------------------------|
| 2023 | | | | |
| Group | | | | |
| Trade payables | 253,421 | 253,421 | 253,421 | - |
| Other payables* | 1,799,748 | 1,799,748 | 1,799,748 | - |
| Lease liabilities | 134,025 | 199,482 | 18,372 | 181,110 |
| Students' deposits | 200,829 | 200,829 | 104,516 | 96,313 |
| | <u>2,388,023</u> | <u>2,453,480</u> | <u>2,176,057</u> | <u>277,423</u> |
| Parent Company | | | | |
| Other payables | 345,769 | 345,769 | 345,769 | - |
| Due to subsidiaries | 100,753 | 100,753 | 100,753 | - |
| | <u>446,522</u> | <u>446,522</u> | <u>446,522</u> | <u>-</u> |
| 2022 | | | | |
| Group | | | | |
| Trade payables | 214,719 | 214,719 | 214,719 | - |
| Other payables* | 966,736 | 966,736 | 966,736 | - |
| Lease liabilities | 144,502 | 217,951 | 18,372 | 199,579 |
| Students' deposits | 239,144 | 239,144 | 118,800 | 120,344 |
| | <u>1,565,101</u> | <u>1,638,550</u> | <u>1,318,627</u> | <u>319,923</u> |
| Parent Company | | | | |
| Trade payables | 13,971 | 13,971 | 13,971 | - |
| Other payables | 180,603 | 180,603 | 180,603 | - |
| Due to subsidiaries | 164,691 | 164,691 | 164,691 | - |
| | <u>359,265</u> | <u>359,265</u> | <u>359,265</u> | <u>-</u> |

* Excludes advance tuition fee, students deposit and research grant.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

27. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affect the Group's and Parent Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group's and Parent Company's functional and presentation currency is Rial Omani and the Group's and Parent Company's performance is substantially independent of changes in foreign currency rates. There are no significant financial instruments denominated in foreign currencies and consequently foreign currency risk is not significant at reporting date.

Interest-rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in interest rates.

As the Group and the Parent Company does not have any interest-bearing borrowings and long-term deposits, management considers sensitivity analysis is not necessary due to the Group's and the Parent Company's limited exposure to interest rate risk, primarily on call deposits.

28. Capital management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern and benefit other stakeholders. The management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The capital requirements are determined by the Oman Commercial Companies Law of the Sultanate of Oman.

Management is confident of maintaining the current level of profitability by enhancing top line growth and prudent cost management.

29. Business and geographical segments

Management has determined the Group's operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions.

The Chief Executive Officer identifies operating segments based on a business perspective. The reportable operating segments derive their revenue primarily from providing educational services. Tuition fee represent the most significant component of revenue for the Group and the Parent Company for the current and previous year and no other segments are significant. The Group generates full revenue from the services provided in the Sultanate of Oman.

Oman Education and Training Investment Company SAOG
Notes to the consolidated and separate financial statements
for the year ended 31 August 2023 (continued)

30. Reconciliation of liabilities arising from the financing activities

The table below details the changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

| | At 1 September RO | Cash inflows RO | Cash outflows RO | Non-cash changes RO | At 31 August RO |
|-------------------|-------------------------|-----------------------|------------------------|---------------------------|-----------------------|
| 2023 | | | | | |
| Lease liabilities | 144,502 | - | (18,469) | 7,992 | 134,025 |
| | <u>144,502</u> | <u>-</u> | <u>(18,469)</u> | <u>7,992</u> | <u>134,025</u> |
| 2022 | | | | | |
| Lease liabilities | 154,459 | - | (18,542) | 8,585 | 144,502 |
| | <u>154,459</u> | <u>-</u> | <u>(18,542)</u> | <u>8,585</u> | <u>144,502</u> |

31. Proposed distribution of dividend

The Board of Directors in their meeting held on 29 October 2023 proposed a cash dividend of RO 2,100,000 – 30% (2022: RO 1,400,000 – 20%) for the year ended 31 August 2023, which is subject to the shareholders' approval in the forthcoming Annual General Meeting. During the year 2022, the Company paid dividend of RO 1,750,000 relating to 2021.

32. Fair value of financial assets and liabilities

The carrying amounts of the Group's and the Parent Company's financial assets and liabilities approximate their fair values at the reporting date.

33. Comparative information

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform to the presentation adopted in the current year's consolidated and separate financial statements. Such regrouping or reclassification did not affect previously reported net profit or shareholders' equity.

34. Subsequent events

There are no events occurring subsequent to 31 August 2023 and before the date of the approval that are expected to have a significant impact on the consolidated and separate financial statements.