OMAN EDUCATION AND TRAINING INVESTMENT COMPANY SAOG

Consolidated and separate Financial statements For the year ended 31 August 2020

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Tel: +968 2495 5100
Fax: +968 2464 9030
www.bdo.com.om

Suite No. 601 & 602
Pent House, Beach One Bldg
Way No. 2601, Shatti Al Qurum
PO Box 1176, Ruwi, PC 112
Sultanate of Oman

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 2020, 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 2020, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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.

Emphasis of Matter

Taxation
We draw attention to note 15 in the consolidated financial statements, which describes that during the year 2019, a subsidiary had received tax assessment order for the years 2009 to 2016, wherein the Tax Authority of the Sultanate of Oman had claimed an amount of RO 4 million as tax payable in respect of tax years 2009 to 2013. The tax demand was related to ongoing tax matters related to taxability of the Government grant and transfer of the tax exemption from the Parent Company to the subsidiary for the years 2009 to 2013. The subsidiary had filed an objection against the decision of the Tax Authority. During the current year, the Tax Authority accepted the objection relating to the transfer of exemption from the Parent Company to the subsidiary for the years 2009 to 2013.

Subsequent to the year end, on 16 September 2020, the subsidiary received a latest tax assessment order wherein the Tax Authority has claimed an amount of RO 2.64 million primarily towards tax on the Government grant received during the years 2010 to 2015. Management is of the view that the grant was received from the Government towards the construction of University building and being a receipt towards capital expenditure, is not subject to tax. Further, in accordance with the Income Tax Law, the grant is reduced from the cost of the building on which depreciation is charged for tax purposes. Management has filed an appeal against the above tax demand and believes that the matter will be decided in their favour.

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

Emphasis of Matter (continued)

Contingencies
We also draw attention to note 26 in the consolidated financial statements, which describes that, a legal case has been filed against the subsidiary by the contractor claiming RO 4.21 million against the remaining unpaid balance for the main work, additional work, late payment losses and cancelled materials and RO 5.6 million as compensation for the hardship faced by the contractor.

Management of the subsidiary has counter claimed against the contractor by not accepting any of the above claims and claiming RO 5.54 million for delays, losses due to poor implementation and non-conformity with the project requirements, delay fine based on the contract, material costs and extra expenses incurred by the subsidiary due to contractor's failure to meet the terms of the contract. The matter has been referred to the Arbitrator and management believes that the final outcome will be in their favour.

Our opinion is not modified in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 4.37 million as at 31 August 2020. The determination as to whether fees receivable are collectible involves significant management judgment. Specific factors that management considers include the age of the balance, credit risk, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for overall balance.

Our audit procedures amongst others included:

- testing the design and operating effectiveness of selected controls over the establishment of impairment provision against the expected credit losses;
- assessing the reasonableness of assumptions made in determining the level of impairment provision established for each category of aged debt;
- testing the accuracy of the recorded aging of trade receivables on a sample basis;
- comparing the amounts received subsequent to the year-end against outstanding customer balances on a sample basis;
- assessing the historical accuracy of impairment losses recognised by examining the utilisation or release of previously recorded impairment allowance; and
- assessing the adequacy of disclosures in respect of credit risk.

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

Other matter

The consolidated and separate financial statements of the Group and the Parent Company for the year ended 31 August 2019, were audited by another auditor, who expressed a qualified opinion on the consolidated financial statements on 30 October 2019 as they were unable to obtain sufficient and appropriate audit evidence in respect of income tax payable.

During the year 2019, Sohar University LLC ("the University"), a subsidiary, had received tax assessments for the years 2009 to 2016 whereby the Tax Authority had claimed an amount of RO 4 million as tax payable in respect of prior years. The University filed an objection against the demand and submitted the required information to the Tax Authority.

The Group's management believes that the Tax Authority has accepted the objection; however, the final decision is not yet issued and pending due to non-conclusion over the other on-going tax matters related to taxability of the Government grant and transfer of the tax exemption from the Parent Company to the University. There is currently no Ministerial decision available that supports the transfer of the beneficial rights of the exemption to the University for the years 2009 to 2013, as required by the Tax Law. Consequently, the predecessor auditor were unable to determine whether any adjustments to the carrying amount of income tax payable as at 31 August 2019 and the tax expenses for the year were necessary.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report, Management Discussions 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 or 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 Commercial Companies Law of the Sultanate of Oman, the Rules and Guidelines on Disclosures issued by the Capital Market Authority 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.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements (continued)

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

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 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 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.

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)

- 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.

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 and 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 the consolidated and separate financial statements as at, and for the year ended, 31 August 2020, in all material respects, comply with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman and the Rules and Guidelines on Disclosures issued by the Capital Market Authority.

BDO

Muscat
26 October 2020

BDO LLC
P.O.Box: 1176
PC: 112, Ruwi
Sultanate of Oman
Public Accountants & Management Consultants

Manvinder Singh
Partner

Oman Education and Training Investment Company SAOG

Consolidated and separate statement of financial position as at 31 August 2020

	Notes	Group 2020 RO	Parent Company 2020 RO	Group 2019 RO	Parent Company 2019 RO
ASSETS					
Non-current assets					
Property and equipment	5	33,689,226	26,766	34,949,071	27,686
Right-of-use asset	6	166,074	-	-	-
Investment in subsidiaries	7	-	6,399,050	-	6,399,050
Total non-current assets		33,855,300	6,425,816	34,949,071	6,426,736
Current assets					
Inventories	8	74,773	-	131,159	-
Trade and other receivables	9	4,936,199	3,843,770	2,635,546	3,370,372
Cash and bank balances	10	3,074,152	5,208	2,436,955	27,114
Total current assets		8,085,124	3,848,978	5,203,660	3,397,486
Total assets		41,940,424	10,274,794	40,152,731	9,824,222
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	7,000,000	7,000,000	7,000,000	7,000,000
Legal reserve	12	3,281,615	1,667,333	3,023,633	1,568,204
Property revaluation reserve	5	5,301,623	-	5,301,623	-
Retained earnings		1,364,008	1,381,976	979,877	979,817
Total equity		16,947,246	10,049,309	16,305,133	9,548,021
LIABILITIES					
Non-current liabilities					
Deferred grant related to assets	13	15,428,989	-	16,081,993	-
Bank borrowings	14	-	-	428,341	-
Deferred tax liability	15	1,141,083	-	1,163,514	-
Lease liabilities	6	154,556	-	-	-
End-of-service benefits	16	1,372,104	22,588	1,384,092	20,603
Students' deposits	17	211,754	-	196,374	-
Total non-current liabilities		18,308,486	22,588	19,254,314	20,603
Current liabilities					
Bank borrowings	14	3,428,341	-	625,000	-
Lease liabilities	6	9,238	-	-	-
Trade and other payables	17	2,586,624	202,897	3,824,731	255,598
Income tax payable	15	660,489	-	143,553	-
Total current liabilities		6,684,692	202,897	4,593,284	255,598
Total liabilities		24,993,178	225,485	23,847,598	276,201
Total equity and liabilities		41,940,424	10,274,794	40,152,731	9,824,222
Net assets per share	18	0.242	0.144	0.233	0.136

The consolidated and separate financial statements from pages 6 to 50 were approved and authorised for issue by the Board of Directors on 26 October 2020 and were signed on their behalf by:

Hassan Ihsan Naseeb Al Nasib
Chairman of the Board of Directors

Ismail Ahmed Ibrahim Al Balushi
Audit Committee Chairman

The notes on pages 11 to 50 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-5.

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 2020

	Notes	**Group 2020 RO**	**Parent Company 2020 RO**	Group 2019 RO	Parent Company 2019 RO
Income					
Tuition fees	*19*	**12,546,989**	**-**	11,897,637	-
Dividend income from subsidiaries		**-**	**1,380,276**	-	657,543
Other income	*20*	**590,144**	**-**	670,991	-
Total income		**13,137,133**	**1,380,276**	12,568,628	657,543
Expenses					
Salaries and related costs	*21*	**(8,853,935)**	**(295,125)**	(9,026,799)	(264,954)
Administrative and other operating expenses	*22*	**(1,593,375)**	**(92,428)**	(1,981,554)	(92,432)
Depreciation of property and equipment	*5*	**(1,429,395)**	**(1,435)**	(1,441,671)	(1,984)
Release of deferred grant related to assets	*13*	**469,704**	**-**	467,005	-
Reversal of expected credit losses of trade receivables	*9*	**113,054**	**-**	58,612	-
Amortisation of right-of-use asset	*6*	**(13,269)**	**-**	-	-
Total expenses		**(11,307,216)**	**(388,988)**	(11,924,407)	(359,370)
Profit for the year from operations		**1,829,917**	**991,288**	644,221	298,173
Finance costs	*14*	**(148,334)**	**-**	(153,281)	-
Finance income		**9,658**	**-**	13,169	-
Profit for the year before tax		**1,691,241**	**991,288**	504,109	298,173
Income tax	*15*	**(559,128)**	**-**	(132,820)	-
Net profit for the year after tax		**1,132,113**	**991,288**	371,289	298,173
Other comprehensive income:					
Item that will not be reclassified subsequently to profit or loss					
Deficit on revaluation of land	*5*	**-**	**-**	(2,300,000)	-
Less: income tax effect	*15*	**-**	**-**	345,000	-
Total other comprehensive loss for the year		**-**	**-**	(1,955,000)	-
Total comprehensive income/ (loss) for the year		**1,132,113**	**991,288**	(1,583,711)	298,173
Earnings per share	*23*	**0.016**	**0.014**	0.005	0.004

The notes on pages 11 to 50 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-5.

Oman Education and Training Investment Company SAOG

Consolidated statement of changes in shareholders' equity for the year ended 31 August 2020

Group

	Share capital RO	Legal reserve RO	Property revaluation reserve RO	Retained earnings RO	Total equity RO
At 1 September 2018	7,000,000	2,920,756	7,256,623	1,761,465	18,938,844
Total comprehensive income					
Net profit for the year after tax	-	-	-	371,289	371,289
Revaluation deficit, net of tax	-	-	(1,955,000)	-	(1,955,000)
Transfer to legal reserve	-	102,877	-	(102,877)	-
Transactions with owners					
Directly recorded in shareholders' equity					
Dividend paid (note 31)	-	-	-	(1,050,000)	(1,050,000)
At 1 September 2019	**7,000,000**	**3,023,633**	**5,301,623**	**979,877**	**16,305,133**
Total comprehensive income					
Net profit for the year after tax	-	-	-	**1,132,113**	**1,132,113**
Transfer to legal reserve	-	**257,982**	-	**(257,982)**	-
Transactions with owners					
Directly recorded in shareholders' equity					
Dividend paid (note 31)	-	-	-	**(490,000)**	**(490,000)**
At 31 August 2020	**7,000,000**	**3,281,615**	**5,301,623**	**1,364,008**	**16,947,246**

The notes on pages 11 to 50 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-5.

Oman Education and Training Investment Company SAOG

Separate statement of changes in shareholders' equity for the year ended 31 August 2020

Parent Company

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
At 1 September 2018	7,000,000	1,538,387	1,761,461	10,299,848
Total comprehensive income				
Net profit for the year after tax	-	-	298,173	298,173
Transfer to legal reserve	-	29,817	(29,817)	-
Transactions with owners directly recorded in shareholders' equity				
Dividend paid (note 31)	-	-	(1,050,000)	(1,050,000)
At 1 September 2019	**7,000,000**	**1,568,204**	**979,817**	**9,548,021**
Total comprehensive income				
Net profit for the year after tax	**-**	**-**	**991,288**	**991,288**
Transfer to legal reserve	**-**	**99,129**	**(99,129)**	**-**
Transactions with owners directly recorded in shareholders' equity				
Dividend paid (note 31)	**-**	**-**	**(490,000)**	**(490,000)**
At 31 August 2020	**7,000,000**	**1,667,333**	**1,381,976**	**10,049,309**

The notes on pages 11 to 50 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-5.

Oman Education and Training Investment Company SAOG

Consolidated and separate statement of cash flows for the year ended 31 August 2020

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Operating activities				
Net profit for the year before tax	**1,691,241**	**991,288**	504,109	298,173
Adjustments for:				
Depreciation of property and equipment	**1,429,395**	**1,435**	1,441,671	1,984
Amortisation of right-of-use asset	**13,269**	**-**	-	-
Provision for end-of-service benefits	**265,218**	**4,807**	225,482	4,293
Interest income	**(9,658)**	**-**	(13,169)	-
Finance costs	**148,334**	**-**	153,281	-
Gain on disposal of property and equipment	**(14,043)**	**-**	(34,023)	-
Release of deferred grant related to assets	**(469,704)**	**-**	(467,005)	-
Reversal of expected credit losses of trade receivables	**(113,054)**	**-**	(58,612)	-
Dividend income	**-**	**(1,380,276)**	-	(657,543)
Operating cash flows before working capital changes	**2,940,998**	**(382,746)**	1,751,734	(353,093)
Changes in working capital:				
Inventories	**56,386**	**-**	29,175	-
Trade and other receivables	**(2,194,557)**	**906,878**	73,496	1,436,137
Students' deposits	**15,380**	**-**	17,794	-
Trade and other payables	**(1,238,107)**	**(52,701)**	395,183	6,020
Cash (used in)/ generated from operating activities	**(419,900)**	**471,431**	2,267,382	1,089,064
Income tax paid	**(64,623)**	**-**	(366,666)	(38,017)
End-of-service benefits paid	**(277,206)**	**(2,822)**	(170,223)	-
Cash (used in)/ generated from operating activities	**(761,729)**	**468,609**	1,730,493	1,051,047
Investing activities				
Purchase of property and equipment	**(358,049)**	**(515)**	(663,862)	(6,321)
Interest received	**9,658**	**-**	13,169	-
Proceeds from disposal of property and equipment	**15,159**	**-**	35,410	-
Receipt of grant	**4,083**	**-**	108,300	-
Cash used in investing activities	**(329,149)**	**(515)**	(506,983)	(6,321)
Financing activities				
Bank borrowings received	**3,000,000**	**-**	70,524	-
Repayment of term loan	**(625,000)**	**-**	(975,000)	-
Repayment of lease liabilities	**(18,372)**	**-**	-	-
Dividend paid	**(490,000)**	**(490,000)**	(1,050,000)	(1,050,000)
Finance costs paid	**(138,553)**	**-**	(153,281)	-
Cash from/ (used in) financing activities	**1,728,075**	**(490,000)**	(2,107,757)	(1,050,000)
Change in cash and cash equivalents	**637,197**	**(21,906)**	(884,247)	(5,274)
Cash and cash equivalents at the beginning of the year	**2,436,955**	**27,114**	3,321,202	32,388
Cash and cash equivalents at the end of the year (note 10)	**3,074,152**	**5,208**	2,436,955	27,114

The notes on pages 11 to 50 form an integral part of these consolidated and separate financial statements.

Independent auditors' report is set forth on pages 1-5.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020

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 and Industry. 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.

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.

The subsidiaries controlled by the Parent Company are as follows:

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
Intaj Sohar for Manufacturing and Trade Services LLC (formerly known as Sohar Transportation and Shipping Services LLC)	99.93%	Vocational training

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 modified for certain assets and liabilities which are stated at fair value.

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.

3 New and revised International Financial Reporting Standards (IFRS)

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 and after 1 January 2019 and have been adopted in the preparation of these consolidated and separate financial statements:

Standard or Interpretation	Title	Effective for annual period beginning on or after
IFRS 16	Leases (new standard)	1 January 2019
IAS 12	Income Taxes	1 January 2019
IAS 19	Employee Benefits	1 January 2019
IAS 23	Borrowing Costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 9	Financial Instruments	1 January 2019
IFRS 3	Business Combinations	1 January 2019
IFRS 11	Joint Arrangements	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

IFRS 16 - Leases

IAS 17 "Leases" has been replaced by IFRS 16 - "Leases" with effect from 1 September 2019.

Until the financial year ended 31 August 2019, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 September 2019, the lessee is required to recognise a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group and the Parent Company. Each lease payment is allocated between the lease liability and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group has implemented IFRS 16 from 1 September 2019 and, therefore, the Group has recognised leases in the consolidated statement of financial position as at 1 September 2019. In addition, the Group has also decided to measure right-of-use assets by reference to the measurement of the lease liability on that date.

The Parent Company does not have any long term lease contracts. The Parent Company has applied the exemption exemption available in the standard relating to short term leases and low-value contracts. Accordingly, there is no impact on the separate financial statements of the Parent Company.

3 New and revised International Financial Reporting Standards (IFRS)

IFRS 16 – Leases (continued)

Accordingly, in accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Group has recognised finance costs on its lease liabilities and amortisation on its right-of-use assets. This has resulted in an increase in reported earnings before interest, depreciation and tax and by the amount of its operating lease costs.

(i) Right-of-use (ROU) asset

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right-of-use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis of contractual life of the lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

(ii) Lease liability

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprising fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

'The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

3 New and revised International Financial Reporting Standards (IFRS)

IFRS 16 – Leases (continued)

Application of IFRS 16 - Leases

The Group has applied IFRS 16 using a modified retrospective method effective from 1 September 2019. Accordingly, the comparative figures in the consolidated financial statements for the year ended 31 August 2019 which have been recognised in accordance with IAS 17 and IFRIC 4, SIC 15 and SIC 27 have not been adjusted.

On adoption of IFRS 16, the Group has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 6% as at 1 September 2019.

The following is the reconciliation of total operating lease commitments at 31 August 2019 to the lease liabilities recognised at 1 September 2019:

	Amount RO
Total operating lease commitments at 31 August 2019	273,334
Discounted using incremental borrowing rate at 6% per annum	(100,949)
Lease liability recognised under IFRS 16 at 1 September 2019	172,385
Prepaid rent at 1 September 2019	6,958
Right-of-use assets under IFRS 16 at 1 September 2019	179,343

The Group has entered into lease agreements for two plots of land in the University with Diwan of Royal Court- Sohar Municipality. The first agreement is from 9 November 2010 to 8 November 2030 for the period of 20 years against annual rentals payable in advance of RO 3,392. The agreement is renewable upon completion of the lease term and the management is reasonably certain to exercise the extension option for at least the period equal to useful life of the building constructed on the land which was capitalised in the year 2012 and depreciated for a period of 40 years till the year 2052 and accordingly lease period is considered till the year 2052. The second agreement is from 1 February 2011 to 31 January 2031 for a period of 20 years against annual rentals payable in advance of RO 14,980. The land is used for the construction of sports complex inside the University and as at the reporting date, management is not reasonably certain to renew the lease agreement upon completion of lease term and, accordingly, the lease period is considered till the year 2031.

The change in accounting policy affected the following items in the consolidated financial statements of the Group for the year ended 31 August 2020:

Net finance costs increased by RO 9,781
Amortisation increased by RO 13,269
Rent expense reduced by RO 18,372
Profit for the year reduced by RO 4,678

3 New and revised International Financial Reporting Standards (IFRS)

IAS 12 "Income Taxes"

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners.

Therefore, the Group and the Parent Company recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. The Group and the Parent Company applies the amendments for annual reporting periods beginning on or after 1 September 2019, with early application permitted. When the Group and the Parent Company first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group and the Parent Company's current practice is in line with these amendments, they had no impact on the consolidated and separate financial statements.

IAS 19 "Employee Benefits"

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group and the Parent Company is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. The Group and the Parent Company is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments did not have any impact on the consolidated and separate financial statements, as the Group and the Parent Company did not have any plan amendments, curtailments, or settlements during the year.

IAS 23 "Borrowing Costs"

The amendments clarify that the Group and the Parent Company treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The Group and the Parent Company applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the Group and the Parent Company first applies those amendments. The Group and the Parent Company applies those amendments for annual reporting periods beginning on or after 1 September 2019, with early application permitted.

Since the Group's and the Parent Company's current practice is in line with these amendments, they do not have any impact on the consolidated and separate financial statements.

3 New and revised International Financial Reporting Standards (IFRS)

IAS 28 "Investments in Associates and Joint Ventures"

The amendments clarify that the Group and the Parent Company applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The amendments also clarified that, in applying IFRS 9, the Group and the Parent Company does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 "Investments in Associates and Joint Ventures".

These amendments did not have any impact on the consolidated and separate financial statements as the Group and the Parent Company does not have long-term interests in its associates and joint ventures.

IFRS 9 "Financial Instruments"

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments did not have any impact on the consolidated and separate financial statements of the Group and the Parent Company.

IFRS 3 "Business Combinations"

The amendments clarify that, when the Group and the Parent Company obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

The Group and the Parent Company applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 September 2019, with early application permitted.

These amendments did not have any impact on the consolidated and the separate financial statements of the Group and the Parent Company as there is no business acquisition during the year.

IFRS 11 "Joint Arrangements"

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

3 New and revised International Financial Reporting Standards (IFRS)

IFRS 11 "Joint Arrangements" (continued)

The amendments clarify that the previously held interests in that joint operation are not remeasured. The Group and the Parent Company applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 September 2019, with early application permitted.

These amendments had no impact on the consolidated and the separate financial statements as there is no transaction where a joint control is obtained.

IFRIC 23 "Uncertainty over Income Tax Treatments"

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether the Group and the Parent Company considers uncertain tax treatments separately;
- the assumptions the Group and the Parent Company makes about the examination of tax treatments by tax authorities;
- how Group and the Parent Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how the Group and the Parent Company considers changes in facts and circumstances.

The Group and the Parent Company has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

Upon adoption of the interpretation, the Group and the Parent Company considered whether it has any uncertain tax positions. The Group and the Parent Company determined, based on its tax compliance study that it is probable that its tax treatments will be accepted by the Tax Authorities. Hence the interpretation did not have any material impact on the consolidated and separate financial statements.

Standards, amendments and interpretations issued but not yet effective in the year 2019-2020

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 31 August 2020. They have not been adopted in preparing the consolidated and separate financial statements for the year ended 31 August 2020 as not applicable to the Group and the Parent Company.

Standard or Interpretation	Title	Effective for annual period beginning on or after
IFRS 17	Insurance Contracts	1 January 2023

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

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 subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases.

The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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 as 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 the consolidated 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 the 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 represent the portion of comprehensive income and net assets in the subsidiary not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from Parent Company shareholders' equity.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities

Recognition and initial measurement

The Group and the Parent Company initially recognises financial assets on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value though profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

On initial recognition, a financial asset is classified as measured at; amortised cost, FVOCI or FVTPL.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL;

- The asset is held within business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

It is initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost less impairment.

Financial assets measured at fair value through other comprehensive income

Debt instruments

Investment in debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL;

- The asset is held within business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Classification (continued)

— The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity.

Equity instruments

For an equity instrument that is not held for trading, the Group and the Parent Company may elect at initial recognition to irrevocably designate those instruments under FVOCI. This election is made on an instrument by instrument basis on initial recognition. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss comprises of investments held for trading and designated as FVTPL on initial recognition. It is initially recognised at fair value with transaction costs recognised in profit or loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in profit or loss.

Business model assessment

Business model available under IFRS 9 are:

(i) Hold to Collect - Financial assets held with the objective to collect contractual cash flows.
(ii) Hold to Collect and Sell - Financial assets held with the objective of both collecting contractual cash flows and selling financial assets.
(iii) Other - Financial assets held with trading intent or that do not meet the criteria of either "Hold to collect" or "Hold to collect and sell".

The Group and the Parent Company's business model reflects how it manages the assets to generate cash flows whether it is solely to collect the contractual cash flows from the asset (Hold to collect) or both the contractual cash flows and from sale of asset (Hold to collect and sell). Factors considered by the Group and the Parent Company in determining the business models for group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Assessment whether contractual cash flows are solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Parent Company assesses whether the financial instruments' cash flows represents solely payment of principal and interest.

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Business model assessment (continued)

In making this assessment, the Group and the Parent Company considers whether the contractual cash flows are consistent with basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

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.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group and the Parent Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group and the Parent Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss 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 2020 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i) The rights to receive cash flows from the asset have expired; or
ii) The Group and the Parent Company retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
iii) The Group and the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

When the Group and the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Parent Company continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group and the Parent Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Parent Company has retained continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount and the maximum amount of consideration that the Group and the Parent Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where 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 recognized 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 2020 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated and separate statement of financial position when, and only when, the Group and the Parent Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group and the Parent Company applies the Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets.

ECLs are 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 the 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' represents 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.

Trade 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.

The Group and the Parent Company uses historical loss experience and derived loss rates based on the past 5 years 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.

An assessment is made at each reporting date to determine whether there is any objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset or a group of financial assets is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in profit or loss and credited to impairment account.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Identification and measurement of impairment of financial assets

Assets carried at amortised cost

The present value of the estimated future cash flows for financial assets and other interest-bearing financial assets is discounted at the financial asset's original effective interest rate. If a loan and financing have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

In addition to specific provisions against individually significant financial assets, the Group also makes portfolio impairment provisions on groups of financial assets, which although not identified as requiring a specific provision, have a greater risk of default than the risk at initial recognition. Financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms and the collective impairment provision is estimated for any such group where credit risk characteristics of the group of financial assets has deteriorated.

Property and equipment

Property and equipment, other than land and capital work-in-progress is stated at 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
Permanent 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 the 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.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

4 Summary of significant accounting policies (continued)

Revaluation surplus

Surplus on revaluation of land is credited to the surplus on revaluation account (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 to retained earnings.

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 the Group's policies.

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 amortization, if no impairment loss had been recognised.

Inventories

Inventories at the reporting date consist of books, stationery and consumable items, and are stated at the lower of cost and net realizable 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.

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 the profit or loss over the useful life of property and equipment which were financed by the subsidy.

4 Summary of significant accounting policies (continued)

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 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 recognized 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.

Revenue recognition

Revenue from services rendered is recognised in the profit or loss over the period service is provided to the students as the students simultaneously receives and consumes the benefits provided by the Group's and the Parent Company's performance as and when the Group and the Parent Company 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 on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

4 Summary of significant accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Gains and losses arising from foreign currency transactions are included in profit or loss.

Cash and cash equivalents

For the purpose of cash and cash equivalents, cash and cash equivalents consist of cash and bank balances with a maturity 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 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.

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 ending 31 August 2020 is included in the following notes:

Key sources of estimation uncertainty

Allowance for impaired students' receivables

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.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

4 Summary of significant accounting policies (continued)

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

Key sources of estimation uncertainty (continued)

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 land

The Group measures the freehold land at revalued amount, with changes in value being recognised in other comprehensive income (OCI). The value of the land was determined using the market comparable method with reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist who has valuation experience for similar properties, to assess the value of free hold land who provided the report on 23 September 2020. The key assumptions used to determine the value of the land are:

Significant unobservable valuation input:	**Range**
Price per square metre	RO 35 to RO 45

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) value on a linear basis.

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.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

4 Summary of significant accounting policies (continued)

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

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

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived 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.

4 Summary of significant accounting policies (continued)

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

Estimation uncertainty relating to the global health pandemic on COVID-19

On 11 March 2020, the World Health Organization declared COVID-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Supreme Committee of the Sultanate of Oman has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country from 22 March 2020.

As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of economic impact as of now. Management are currently monitoring the situation and its impact on the Group's and the Parent Company's operations, and its financial position. While the effects of the outbreak is expected to have an adverse impact on profits and operating cash flows, management believes that, based on their assessment, the Group and the Parent Company have sufficient liquidity available to continue to meet their financial commitments for the foreseeable future when they become due based on the following.

a) The University has a long term agreement with Ministry of Higher Education (MHE) for the provision of education to students assigned to the University by MHE and expects that there will not be material impact on the new intake of students being essential services; and

b) Private student's new intake is also expected at the same level as previous year and there is no delay or restrictions expected in the new academic session.

5. Property and equipment

Group	Freehold land RO	Permanent buildings RO	Furniture, fixtures and equipment RO	Motor vehicles RO	Library books RO	Computers RO	Porta-cabins RO	Others RO	Capital work-in-progress RO	Total RO
Cost / fair value										
At 1 September 2018	9,000,000	30,627,153	4,103,396	255,466	381,619	2,366,826	656,967	1,580,430	2,053,916	51,025,773
Additions	-	-	107,548	27,300	31,786	118,464	-	42,880	335,884	663,862
Disposals	-	-	(841,634)	(29,600)	(123,722)	(442,309)	(176,149)	(105,689)	-	(1,719,103)
Revaluation deficit	(2,300,000)	-	-	-	-	-	-	-	-	(2,300,000)
Transfers	-	363,812	-	-	-	-	177,931	-	(541,743)	-
At 1 September 2019	**6,700,000**	**30,990,965**	**3,369,310**	**253,166**	**289,683**	**2,042,981**	**658,749**	**1,517,621**	**1,848,057**	**47,670,532**
Additions	**-**	**-**	**66,009**	**24,500**	**18,004**	**38,357**	**-**	**16,319**	**7,477**	**170,666**
Disposals	**-**	**-**	**(117,826)**	**(5,750)**	**-**	**(131,026)**	**-**	**(9,849)**	**-**	**(264,451)**
Transfers	**-**	**368,370**	**4,335**	**-**	**-**	**-**	**-**	**-**	**(372,705)**	**-**
At 31 August 2020	**6,700,000**	**31,359,335**	**3,321,828**	**271,916**	**307,687**	**1,950,312**	**658,749**	**1,524,091**	**1,482,829**	**47,576,747**
Accumulated depreciation										
At 1 September 2018	-	5,328,521	3,416,478	223,944	350,961	1,918,344	326,931	1,432,327	-	12,997,506
Charge for the year	-	767,429	317,665	18,039	17,749	200,321	71,034	49,434	-	1,441,671
Disposals	-	-	(840,989)	(29,599)	(123,637)	(441,733)	(176,142)	(105,616)	-	(1,717,716)
At 1 September 2019	**-**	**6,095,950**	**2,893,154**	**212,384**	**245,073**	**1,676,932**	**221,823**	**1,376,145**	**-**	**12,721,461**
Charge for the year	**-**	**779,450**	**302,703**	**12,282**	**16,650**	**179,438**	**89,891**	**48,981**	**-**	**1,429,395**
Disposals	**-**	**-**	**(117,584)**	**(5,750)**	**-**	**(130,486)**	**-**	**(9,515)**	**-**	**(263,335)**
At 31 August 2020	**-**	**6,875,400**	**3,078,273**	**218,916**	**261,723**	**1,725,884**	**311,714**	**1,415,611**	**-**	**13,887,521**
Carrying amount										
At 31 August 2020	**6,700,000**	**24,483,935**	**243,555**	**53,000**	**45,964**	**224,428**	**347,035**	**108,480**	**1,482,829**	**33,689,226**
At 31 August 2019	6,700,000	24,895,015	476,156	40,782	44,610	366,049	436,926	141,476	1,848,057	34,949,071

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

5. Property and equipment (continued)

Parent Company	**Furniture, fixtures and equipment RO**	**Motor vehicles RO**	**Computers RO**	**Capital work-in-progress RO**	**Total RO**
Cost					
At 1 September 2018	19,085	13,968	7,100	18,045	58,198
Additions	-	-	-	6,321	6,321
At 1 September 2019	**19,085**	**13,968**	**7,100**	**24,366**	**64,519**
Additions	**-**	**-**	**515**	**-**	**515**
At 31 August 2020	**19,085**	**13,968**	**7,615**	**24,366**	**65,034**
Accumulated depreciation					
At 1 September 2018	16,119	13,618	5,112	-	34,849
Charge for the year	918	350	716	-	1,984
At 1 September 2019	**17,037**	**13,968**	**5,828**	**-**	**36,833**
Charge for the year	**891**	**-**	**544**	**-**	**1,435**
At 31 August 2020	**17,928**	**13,968**	**6,372**	**-**	**38,268**
Carrying amount					
At 31 August 2020	**1,157**	**-**	**1,243**	**24,366**	**26,766**
At 31 August 2019	2,048	-	1,272	24,366	27,686

Freehold land was revalued at its open market value of RO 6.7 million by an independent professional valuer as of 23 September 2020. The freehold land was previously valued on 29 September 2019 at its open market value of RO 6.7 million. The surplus/ (deficit) arising on revaluation, if any, has been taken, net of tax to revaluation reserve which is included as a separate component of shareholders' equity. Deferred tax arising on the revaluation is charged to other comprehensive income in the year of revaluation.

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 Sohar University LLC, a subsidiary.

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

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost	**462,796**	**-**	462,796	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

6. Right-of-use asset and lease liabilities

a) Right-of-use asset

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
On 1 September, on adoption of IFRS 16 (note 3)	**179,343**	-	-	-
Amortisation charge	**(13,269)**	-	-	-
At 31 August	**166,074**	-	-	-

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 (refer to note 3).

b. Lease liabilities

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
On 1 September, on adoption of IFRS 16 (note 3)	**172,385**	-	-	-
Interest on lease liabilities (note 3)	**9,781**			
Paid during the year	**(18,372)**	-	-	-
At 31 August	**163,794**	-	-	-
Comprise of:				
Current portion	**9,238**	-	-	-
Non-current portion	**154,556**	-	-	-
At 31 August	**163,794**	-	-	-

7. Investment 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.

			2020		2019	
Subsidiary companies	**Country of Incorporation**	**Principal activity**	**Proportion Held* %**	**Carrying value RO**	Proportion 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
Intaj Sohar for Manufacturing and Trade 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.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

8. Inventories

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Books	17,336	-	28,759	-
Spare parts and maintenance items	57,437	-	102,400	-
	74,773	-	131,159	-

9. Trade and other receivables

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Fee receivables (gross)	5,097,288	107,649	2,479,183	107,649
Less: provision for expected credit losses	(732,139)	(107,649)	(845,193)	(107,649)
Fee receivables (net)	4,365,149	-	1,633,990	-
Prepayments	91,080	2,298	120,255	1,729
Due from employees	-	-	1,049	-
Due from a related party (note 24)	-	2,461,196	-	2,711,100
Dividend receivables	-	1,380,276	-	657,543
Other receivables	21,766	-	53,561	-
	4,477,995	3,843,770	1,808,855	3,370,372
Advances to contractors and suppliers	962,004	-	1,330,491	-
Less: allowance for impaired advances	(503,800)	-	(503,800)	-
	458,204	-	826,691	-
	4,936,199	3,843,770	2,635,546	3,370,372

Movement in the provision for expected credit losses on fees receivables was as follows:

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	845,193	107,649	1,284,874	107,649
Reversal for the year	(113,054)	-	(58,612)	-
Written-off during the year	-	-	(381,069)	-
At 31 August	732,139	107,649	845,193	107,649

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

10. Cash and bank balances

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Cash in hand	11,867	500	22,948	500
Bank balances	3,062,285	4,708	2,414,007	26,614
Cash and cash equivalents	3,074,152	5,208	2,436,955	27,114

The current account balances with banks are non-interest bearing

11. Share capital

	2020		2019	
Authorized share capital				
100,000,000 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 shares of RO 0.100 each	7,000,000	7,000,000	7,000,000	7,000,000

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

	2020		2019	
	RO	%	RO	%
Global Financial Investments Holding SAOG	2,637,666	37.68	2,637,666	37.68

12. Legal reserve

The statutory 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.

13. Deferred grant related to assets

	2020		2019	
Government grants	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	15,898,963	-	16,365,698	-
Released to profit or loss during the year	(469,704)	-	(467,005)	-
At 31 August	15,428,989	-	15,898,693	-
Other				
At 1 September	183,300	-	75,000	-
Received during the year	-	-	108,300	-
Adjusted against cost of asset	(183,300)	-	-	-
	-	-	183,300	-
Total at 31 August	15,428,989	-	16,081,993	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

13. Deferred grant related to assets (continued)

According to the Board of Higher Education decision No. 3/2003 dated 3 March 2003, the Group 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 Group. At the reporting date the un-amortised amount of the grant is RO 220,622.

According to the Ministry of Higher Education letter No. 807/2007 dated 6 November 2007, the Group 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 947,185.

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 Group 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 14,261,182.

14. Bank borrowings

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Term loan	**428,341**	-	1,053,341	-
Bills discounted	**3,000,000**	-	-	-
	3,428,341	-	1,053,341	-
Less: current portion	**(3,428,341)**	-	(625,000)	-
Non-current portion	-	-	428,341	-

Term loan represents the loan of RO 4.4 million obtained by one of the subsidiaries to complete the Phase II buildings in prior years. The loan was obtained from Bank Sohar SAOG at an interest rate ranging between 5.5% and 6% per annum (2019: between 5.5% and 6% per annum) and is to be reviewed annually. The loan is repayable in equal semi-annual installments of RO 312,500 each and is secured against the legal and commercial mortgage over the University's fixed and current assets, corporate guarantee and assignment of payment from the Ministry of Higher Education.

Bills discounted represent the credit facility obtained by the subsidiary for meeting the working capital requirements of the University. The facility is obtained from Bank Sohar SAOG at an interest rate ranging between 5.5% and 6% per annum. The loan is secured against the legal and commercial mortgage over the University's assets, corporate guarantee and assignment of payment from the Ministry of Higher Education.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

14. Bank borrowings (continued)

Maturity of the bank borrowings

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Within one year	**3,428,341**	-	625,000	-
Between 1 and 2 years	-	-	428,341	-
At 31 August	**3,428,341**	-	1,053,341	-

14.1 Finance costs

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Interest on bank borrowings	**138,553**	-	153,281	-
Interest expense on lease liabilities (note 3)	**9,781**	-	-	-
At 31 August	**148,334**	-	153,281	-

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 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 Authorities. 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 (2019: 15%).

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company* RO
Consolidated and separate statement of financial position				
Deferred tax liability	**1,141,083**	-	1,163,514	-
Income tax payable	**660,489**	-	143,553	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

15. Taxation (continued)

	2020		2019	
	Group	**Parent Company**	Group	Parent Company
Consolidated and separate statement of profit or loss	**RO**	**RO**	RO	RO
Current income tax				
Current year	**300,113**	-	65,126	-
Prior year	**281,446**	-	-	-
Deferred tax	**(22,431)**	-	67,694	-
	559,128	-	132,820	-

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:

	2020		2019	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Net profit before tax for the year	**1,691,241**	**991,288**	504,109	298,173
Tax at the rate of 15%	**253,686**	**148,693**	75,616	44,726
Tax effect on exempt income	**-**	**(148,693)**	-	(44,514)
Tax effect of items disallowed	**52,469**	-	617	-
Tax on temporary differences	**(6,042)**	-	(11,107)	(212)
	300,113	-	65,126	-

Status of assessments

The consolidated tax liability comprises the tax liability of the Parent Company and its subsidiaries.

Parent Company

The assessments of the Parent Company have been completed by the Tax Authorities of the Sultanate of Oman up to the tax year 2013. The management of 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 financial position as at 31 August 2020.

Subsidiaries

The income tax assessments for the Sohar University LLC ("the University"), have been completed by the Tax Authorities of the Sultanate of Oman up to the tax year 2016.

During the year 2019, the University, had received tax assessments for the years 2009 to 2016 wherein the Tax Authority had claimed an amount of RO 4 million as tax payable in respect of tax years from 2009 to 2013.

The tax demand was related to ongoing tax matters related to taxability of the Government grant and transfer of the tax exemption from the Parent Company to the University for the years 2009 to 2013. There was no Ministerial decision available that supports the transfer of the beneficial rights of the exemption to the University for the years 2009 to 2013, as required by the Tax Law.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

15. Taxation (continued)

The subsidiary had filed an objection against the decision of Tax Authority. During the current year, the Tax Authority accepted the objection relating to the transfer of exemption from the Parent Company to the University for the years 2009 to 2013.

Subsequent to the year end, on 16 September 2020, the University received a latest tax assessment order wherein the Tax Authority has claimed an amount of RO 2.64 million primarily towards tax on the Government grant received by the University during the years 2010 to 2015 as a support by the Government to build the infrastructure within the University.

Management is of the view that the grant was received from the Government towards the construction of University building and being a receipt towards capital expenditure, is not subject to tax. Further, in accordance with the Income Tax Law, the grant is reduced from the cost of the building on which depreciation is charged for tax purposes. Management has filed an appeal against the above tax demand and believes that the matter will be decided in their favour.

The income tax assessments of Modern Catering Company LLC have been completed by the Tax Authorities up to the tax year 2016.

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 and separate financial position as at 31 August 2020.

Recognised deferred tax liabilities are attributable to the following item:

		Recognised in		
Group	**At 1 September**	**Profit or loss**	**Other comprehensive income**	**At 31 August**
	RO	**RO**	**RO**	**RO**
2020				
Revaluation surplus on land	**(935,581)**	**-**	**-**	**(935,581)**
Provision for expected credit losses on fees receivable and advances	**186,202**	**(16,959)**	**-**	**169,243**
Right-of-use asset	**-**	**(342)**	**-**	**(342)**
Property and equipment	**(414,135)**	**39,732**	**-**	**(374,403)**
Net deferred tax liability	**(1,163,514)**	**22,431**	**-**	**(1,141,083)**
2019				
Revaluation surplus on land	(1,280,581)	-	345,000	(935,581)
Provision for debts and advances	252,154	(65,952)	-	186,202
Property and equipment	(412,393)	(1,742)	-	(414,135)
Net deferred tax liability	(1,440,820)	(67,694)	345,000	(1,163,514)

16. End-of-service benefits

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 September	**1,384,092**	**20,603**	1,328,833	16,310
Charge for the year (note 21)	**265,218**	**4,807**	225,482	4,293
Paid during the year	**(277,206)**	**(2,822)**	(170,223)	-
At 31 August	**1,372,104**	**22,588**	1,384,092	20,603

17. Trade and other payables

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Trade payables	**279,358**	**-**	726,948	-
Accrued expenses	**499,129**	**10,480**	474,722	8,481
Advance tuition fees	**175,290**	**-**	940,912	-
Provision for leave pay and passage	**135,889**	**10,724**	249,354	13,414
Students' deposits (note 17.1)	**119,871**	**-**	132,064	-
Research grant (note 17.2)	**188,452**	**-**	127,639	-
Retentions payable	**985,658**	**-**	1,074,016	-
Due to related parties (note 24)	**-**	**172,297**	-	224,268
Other payables	**202,977**	**9,396**	99,076	9,435
	2,586,624	**202,897**	3,824,731	255,598

17.1 Students' deposits

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Total deposits	**331,625**	**-**	328,438	-
Less: current portion	**(119,871)**	**-**	(132,064)	-
At 31 August	**211,754**	**-**	196,374	-

That portion of the students' deposits which are payable within 12 months of the consolidated statement of financial position date is disclosed as current portion of students' deposits.

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. Movement in the research grant is as follows:

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

17. Trade and other payables (continued)

17.2 Research grant (continued)

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	**127,639**	-	49,440	-
Received during the year	**179,614**	-	163,365	-
Utilised during the year	**(118,801)**	-	(85,166)	-
At 31 August	**188,452**	-	127,639	-

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:

	2020		2019	
	Group	Parent Company	Group	Parent Company
Net assets (RO)	**16,947,246**	**10,049,309**	16,305,133	9,548,021
Number of ordinary shares	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Net assets per share (RO)	**0.242**	**0.144**	0.233	0.136

19. Tuition fee

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Students' fee	**12,509,994**	-	11,851,765	-
Admission fee	**31,750**	-	29,300	-
Miscellaneous fee	**5,245**	-	16,572	-
	12,546,989	-	11,897,637	-

Students' tuition fee is earned from the services provided in the Sultanate of Oman and recognized over the period of the education services provided to the students.

20. Other income

Students' accommodation	**266,452**	-	441,497	-
Students' transportation	**11,616**	-	16,849	-
Gain on disposal of property and equipment	**14,043**	-	34,023	-
Income from language classes	**62,092**	-	52,713	-
Rental income	**22,649**	-	50,232	-
Write back of payables	**203,267**	-	52,605	-
Miscellaneous income	**10,025**	-	23,072	-
	590,144	-	670,991	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

21. Salaries and related costs

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Salaries and allowances	**7,242,863**	**265,011**	7,241,684	226,765
Employees' bonus	**146,034**	**4,462**	80,115	3,206
Leave pay	**420,473**	**2,744**	684,901	10,698
Social security	**418,481**	**14,450**	405,967	14,436
End-of-service benefits (note 16)	**265,218**	**4,807**	225,482	4,293
Air passage	**101,514**	**682**	107,034	1,375
Other costs	**259,352**	**2,969**	281,616	4,181
	8,853,935	**295,125**	9,026,799	264,954

22. Administrative and other operating expenses

	2020		2019	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Students' transportation	**4,802**	**-**	16,344	-
Repairs and maintenance	**396,540**	**-**	422,607	-
Utilities	**381,874**	**-**	466,041	-
Rent	**19,898**	**1,800**	62,890	1,800
Teaching materials	**42,308**	**-**	56,556	-
Cleaning expenses	**52,357**	**-**	61,645	-
Advertising and marketing	**39,267**	**3,784**	82,241	3,580
Communication	**126,157**	**110**	131,571	224
Entertainment	**30,128**	**3,560**	46,434	390
Travel allowances	**32,751**	**3,333**	46,804	3,720
Printing and stationery	**36,016**	**235**	35,393	1,369
Graduation expenses	**51,146**	**-**	50,456	-
Academic expenses	**60,859**	**-**	40,481	-
Summer school expenses	**-**	**-**	5,676	-
Insurance	**13,537**	**2,564**	16,978	2,068
In-house conferences	**10,984**	**-**	58,502	-
MSM membership	**10,880**	**10,880**	11,509	11,509
Legal, consultancy and professional fee	**103,261**	**7,816**	151,851	10,800
Vehicle expenses and conveyance	**17,391**	**377**	29,393	640
Board of Directors and Audit Committee's sitting fees	**56,000**	**56,000**	52,000	52,000
Board of governance sitting fees	**23,840**	**-**	21,700	-
Continue education center expenses	**34,922**	**-**	37,506	-
Bank charges	**21,203**	**26**	6,723	76
Miscellaneous expenses	**27,254**	**1,943**	70,253	4,256
	1,593,375	**92,428**	1,981,554	92,432

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

23. Earnings per share

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Net profit for the year after tax (RO)	**1,132,113**	**991,288**	371,289	298,173
Weighted average number of shares on issue	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Earnings per share (RO)	**0.016**	**0.014**	0.005	0.004

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.

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	
	2020 RO	2019 RO
Due from a related party:		
Sohar University LLC	**2,461,196**	2,711,100
Due to related parties:		
Intaj Sohar for Manufacturing and Trade Services LLC	**83,490**	150,000
Modern Catering Company LLC	**88,807**	74,268
	172,297	224,268

Outstanding balances at year-end arise in the normal course of business. For the year ended 31 August 2020 and 2019, the Group has not recorded any impairment of amounts owed by related parties.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

24. Related parties (continued)

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

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Rent	-	-	24,773	-
Dividend income	-	**1,380,276**	-	657,543
Expenses paid by others on behalf of Parent Company	-	**892,908**	-	391,813
Expenses paid by Parent Company on behalf of others	-	**(66,510)**	-	-

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.

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Short-term employees' benefits	**456,851**	**100,860**	431,839	91,399
Staff retirement benefits	**21,359**	**3,317**	20,999	2,699
Sitting fees - Board of Directors and other committees	**56,000**	**56,000**	52,000	52,000
Sitting fees - Board of Governance	**23,840**	-	21,700	-

25. Fiduciary activities

The Group entered into two agreements with the Ministry of Commerce and Industry (MOCI) 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. MOCI provided the funds to establish and run these projects and supervises the operation of these projects.

Group	**2020 RO**	2019 RO
Funds under management	**1,141,064**	2,014,375

26. Contingencies and commitments

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Commitments				
Capital commitments for acquisition of property and equipment	**79,567**	-	189,189	-
Contingency				
Letters of guarantee	**2,493,725**	-	2,493,725	-

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

The Group is also involved as a claimant and defendant in a legal dispute against a contractor with reference to the construction work at Sohar University. The legal proceedings have been referred to the Arbitrator and the next hearing has been scheduled on 26 December 2020. The litigation involves the claim by the contractor of RO 4.21 million against the remaining unpaid balance for the main work, additional work, late payment losses and cancelled materials and RO 5.6 million as compensation for the hardship faced by the contractor. It also involves the counter claim filed by the Sohar University for not accepting any of the above claims and claiming RO 5.54 million for delayed losses, losses due to poor implementation and non-conformity with the project requirements, delay fine based on the contract, material cost and extra expenses paid by the University because of contractor failure to meet the contract conditions, etc. The Arbitrator has referred the case to Expert's Committee (three Engineers). Management is of the view that two of the experts decided that University is entitled for an amount of RO 1.2 million, and the third expert decided that the contractor deserves an amount of RO 1.4 million. As of the reporting date, the Arbitrator has not issued his decision, and the management believes that the final outcome will be in favour of the Group.

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, trade and other receivables, bank borrowings, 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.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

27. Financial risk management (continued)

Overview (continued)

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 and the Parent Company's financial performance.

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 statement of financial position represents the maximum exposure to credit risk.

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

The Group 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 trade and other receivables.

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

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Fees receivables	**4,365,149**	**-**	1,633,990	-
Due from related parties	**-**	**2,461,196**	-	2,711,100
Dividends receivable	**-**	**1,380,276**	-	657,543
Due from employees	**-**	**-**	1,049	-
Other receivables	**21,766**	**-**	53,561	-
Bank balances	**3,062,285**	**4,708**	2,414,007	26,614
	7,449,200	**3,846,180**	4,102,607	3,395,257

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (continued)

27. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The exposure to credit risk for fees receivables from major customers as at 31 August was:

	2020		2019	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Ministry of Higher Education	**4,113,191**	**-**	1,481,648	-
Others	**251,958**	**-**	152,342	-
	4,365,149	**-**	1,633,990	-

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

	2020		2019	
Group	**Gross RO**	**Impairment RO**	Gross RO	Impairment RO
Past due from 1st academic semester	**29,858**	**2,000**	16,450	-
Past due from 2nd academic semester	**4,269,742**	**7,117**	1,485,060	-
Past due for summer academic semester	**21,092**	**-**	70,726	-
Past due more than 365 days	**776,596**	**723,022**	906,947	845,193
	5,097,288	**732,139**	2,479,183	845,193
Parent Company				
Past due more than 365 days	**107,649**	**107,649**	107,649	107,649

Unimpaired receivables 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 receivables.

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 for the year ended 31 August 2020 (continued)

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 1 year RO	More than a year RO
2020				
Group				
Trade payables	**279,358**	**279,358**	**279,358**	**-**
Other payables	**1,823,653**	**1,823,653**	**1,823,653**	**-**
Bank borrowings	**3,428,341**	**3,634,041**	**3,634,041**	**-**
Lease liabilities	**163,794**	**254,961**	**18,372**	**236,589**
Students' deposits	**331,625**	**331,625**	**119,871**	**211,754**
	6,026,771	**6,323,638**	**5,875,295**	**448,343**
Parent Company				
Other payables	**30,600**	**30,600**	**30,600**	**-**
Due to related parties	**172,297**	**172,297**	**172,297**	**-**
	202,897	**202,897**	**202,897**	**-**
2019				
Group				
Trade payables	726,948	726,948	726,948	-
Other payables	1,897,168	1,897,168	1,897,168	-
Bank borrowings	1,053,341	1,123,460	678,870	444,589
Students' deposits	328,438	328,438	132,064	196,374
	4,005,895	4,076,014	3,435,050	640,963
Parent Company				
Other payables	31,330	31,330	31,330	-
Due to related parties	224,268	224,268	224,268	-
	255,598	255,598	255,598	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (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

The Group has bank borrowings bearing interest-rates as disclosed in note 14. The management manages the interest-rate risk by constantly monitoring the changes in interest rate.

The Group is exposed to interest-rate risk as it borrows funds at commercial interest rates. Sensitivity analysis of interest rates is as follows:

If the interest rates were to be 50 basis points higher or lower with all other variables held constant, the Group's net profit would decrease or increase by RO 17,961 (2019: RO 5,267).

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.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2020 (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 the 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
2020					
Bank borrowings	**1,053,341**	**3,000,000**	**(763,533)**	**138,533**	**3,428,341**
Lease liabilities	**-**	**-**	**(18,372)**	**182,166**	**163,794**
	1,053,341	**3,000,000**	**(781,905)**	**320,699**	**3,592,135**
2019					
Bank borrowings	1,957,817	-	(1,056,757)	152,281	1,053,341
	1,957,817	-	(1,056,757)	152,281	1,053,341

31. Proposed distribution of dividend

The Board of Directors in their meeting held on 26 October 2020 has proposed a cash dividend of 12% (2019 – 7%) for the year 2020, which is subject to the shareholders' approval in the forthcoming Annual General Meeting.

32. Fair value of financial assets and liabilities

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

33. Subsequent events

There are no events occurring subsequent to 31 August 2020 and before the date of the report that are expected to have a significant impact on these consolidated financial statements of the Group and separate financial statements of the Parent Company.

34. 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.