OMAN EDUCATION & TRAINING INVESTMENT COMPANY SAOG AND ITS SUBSIDIARIES

Report and consolidated and separate financial statements for the year ended 31 August 2019

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Deloitte.

Deloitte & Touche (M.E.) & Co. LLC
Minaret Al Qurum Building, Level 6
Al Qurum
P.O. Box 258, Postal Code 112
Muscat
Sultanate of Oman

Tel: +968 22354300
Fax: +968 22354333
www.deloitte.com

Independent auditor's report to the shareholders of Oman Education & Training Investment Company SAOG and its subsidiaries

Report on the audit of the consolidated and separate financial statements

Opinions

We have audited the separate financial statements of **Oman Education and Training Investment Co. SAOG** ("the Parent Company") and the consolidated financial statements of **Oman Education and Training Investment Co. SAOG and its subsidiaries** ("the Group"), which comprise of the consolidated and separate statement of financial position as at 31 August 2019 and the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements set out in pages 5 to 43 including a summary of significant accounting policies.

Opinion on the separate financial statements

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Parent Company as at 31 August 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Qualified opinion on the consolidated financial statements

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2019 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinions, including basis for qualified opinion on the consolidated financial statements

As disclosed in note (14) to the financial statements, during the year Sohar University LLC ("the University"), a subsidiary company, had received tax assessments for the years 2009 to 2016 whereby the Tax Authority has claimed an amount of RO 4 million as tax payable (additional tax of RO 4 million in respect of prior years). The University has filed an objection against the demand and submitted the required information to the Tax Authority.

The Group 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 ongoing taxation matters related to taxability of the government grant and transfer of the tax exemption from the Parent Company to the University. There is 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 tax law. Consequently, we were unable to determine whether any adjustments to the carrying amount of provision for income tax as at 31 August 2019 and the tax expenses for the year were necessary.

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 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 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 qualified opinion on the consolidated financial statements and unmodified opinion on the separate financial statements.

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses of fees receivables As disclosed in Note 8, the Group has significant fees receivables with a gross carrying amount of RO 2.5 million at 31 August 2019. The measurement of an allowance for expected credit losses (ECL), in accordance with IFRS 9 Financial Instruments, involves significant estimates and various assumptions including historical payment pattern and forward looking factors. Being the first year of implementation of IFRS 9 by the Group, we considered the measurement of the allowance for ECL as a key audit matter.	Our response to the key audit matter included performing the following audit procedures: We obtained an understanding of the process of measurement of the allowance for ECL; We challenged the accuracy of the model used to determine the allowance for ECL and evaluated the methodology and key assumptions used in the model based on our knowledge of the industry. We assessed the appropriateness of the Group's disclosure against the requirements of IFRSs

Other information

The Board of Directors (the "Board") 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.

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Responsibilities of the Board of Directors for the consolidated and separate financial statements

The Board is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the relevant disclosure requirement of the Commercial Companies Law 2019, and the disclosure requirement issued by the Capital Market Authority, and for such internal control as the Board 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, the Board is responsible for assessing the Group'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 the Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 the Board.
- Conclude on the appropriateness of the Board'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 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 disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent auditor's report
to the shareholders of
Oman Education & Training Investment Company SAOG and its subsidiaries (continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether these consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board 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 the Board 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 the Board, 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

Further, we report that the consolidated and separate financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 2019 and the disclosure requirements issued by the Capital Market Authority.

Deloitte & Touche

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
30 October 2019

ديلويت آند توش (الشرق الأوسط) وشركاه ش.م.م
C.R. No. 1736256
Deloitte.
0901-07
Deloitte & Touche (M.E.)& Co. LLC.

Signed by
Ahmed Al Qassabi
Partner

Consolidated and separate statement of financial position as at 31 August 2019

	Note	Group 2019 RO	Parent Company 2019 RO	Group 2018 RO	Parent Company 2018 RO
ASSETS					
Non-current assets					
Property and equipment	5	34,949,071	27,686	38,028,267	23,349
Investment in subsidiaries	6	-	6,399,050	-	6,399,050
Total non-current assets		34,949,071	6,426,736	38,028,267	6,422,399
Current assets					
Inventories	7	131,159	-	160,334	-
Trade and other receivables	8	2,635,546	3,370,372	2,650,430	4,148,966
Bank balances and cash	9	2,436,955	27,114	3,321,202	32,388
Total current assets		5,203,660	3,397,486	6,131,966	4,181,354
Total assets		40,152,731	9,824,222	44,160,233	10,603,753
EQUITY AND LIABILITIES					
EQUITY					
Share capital	10	7,000,000	7,000,000	7,000,000	7,000,000
Legal reserve	11	3,023,633	1,568,204	2,920,756	1,538,387
Property revaluation reserve	5	5,301,623	-	7,256,623	-
Retained earnings		979,877	979,817	1,761,465	1,761,461
Total equity		16,305,133	9,548,021	18,938,844	10,299,848
Non-controlling interest		-	-	-	-
Total equity and minority interest		16,305,133	9,548,021	18,938,844	10,299,848
LIABILITIES					
Non-current liabilities					
Deferred grants related to assets	12	16,081,993	-	16,440,698	-
Term loans	13	428,341	-	982,817	-
Deferred tax liability	14	1,163,514	-	1,440,820	-
End-of-service benefits	15	1,384,092	20,603	1,328,833	16,310
Students' deposits		196,374	-	178,580	-
Total non-current liabilities		19,254,314	20,603	20,371,748	16,310
Current liabilities					
Term loans – current portion	13	625,000	-	975,000	-
Trade and other payables	16	3,824,731	255,598	3,429,548	249,578
Provision for income tax	14	143,553	-	445,093	38,017
Total current liabilities		4,593,284	255,598	4,849,641	287,595
Total liabilities		23,847,598	276,201	25,221,389	303,905
Total equity and liabilities		40,152,731	9,824,222	44,160,233	10,603,753
Net assets per share	17	0.23	0.14	0.27	0.15

Hassan Ihsan Naseeb Al Nasib
Chairman of Board of Directors

Ismail Ahmed Ibrahim Al Balushi
Audit Committee Chairman

The accompanying notes form an integral part of these financial statements

Consolidated and separate statement of profit or loss and other comprehensive income for the year ended 31 August 2019

	Note	Group 2019 RO	Parent Company 2019 RO	Group 2018 RO Restated	Parent Company 2018 RO
Income					
Tuition fees		**11,897,637**	-	13,522,180	-
Dividend income from subsidiaries		-	**657,543**	-	1,863,728
Other income	18	**684,160**	-	702,852	-
Total income		**12,581,797**	**657,543**	14,225,032	1,863,728
Expenses					
Salaries and related costs	19	**(9,026,799)**	**(264,954)**	(8,658,785)	(270,256)
Administrative and other operating expenses	20	**(1,974,831)**	**(92,356)**	(2,211,908)	(193,055)
Depreciation of property and equipment	5	**(1,441,671)**	**(1,984)**	(1,517,478)	(4,217)
Total expenses		**(12,443,301)**	**(359,294)**	(12,388,171)	(467,528)
Profit for the year from operations		**138,496**	**298,249**	1,836,861	1,396,200
Release of deferred grants related to assets	12	**467,005**	-	467,005	-
(Reversal) / charge of impairment allowance		**58,612**	-	(30,386)	(18,363)
Finance costs		**(160,004)**	**(76)**	(246,486)	(103)
Profit for the year before tax		**504,109**	**298,173**	2,026,994	1,377,734
Income tax	14	**(132,820)**	-	(429,710)	(38,017)
Profit for the year		**371,289**	**298,173**	1,597,284	1,339,717
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	14	**345,000**	-	-	-
		(1,955,000)	-	-	-
(Loss) / profit for the year and total comprehensive (loss) / income for the year		**(1,583,711)**	**298,173**	1,597,284	1,339,717
Earnings per share	21	**0.005**	**0.004**	0.023	0.019

Oman Education and Training Investment Company SAOG and its Subsidiaries

Consolidated statement of changes in equity
for the year ended 31 August 2019

Group

	Share capital RO	Legal reserve RO	Property revaluation reserve RO	Retained earnings RO	Total RO	Non-controlling Interest RO	Total equity RO
At 1 September 2017	7,000,000	2,574,655	7,256,623	1,385,282	18,216,560	-	18,216,560
Profit for the year	-	-	-	1,597,284	1,597,284	-	1,597,284
Transfer to legal reserve	-	346,101	-	(346,101)	-	-	-
Dividend paid	-	-	-	(875,000)	(875,000)	-	(875,000)
At 1 September 2018	**7,000,000**	**2,920,756**	**7,256,623**	**1,761,465**	**18,938,844**	-	**18,938,844**
Profit for the year	-	-	-	**371,289**	**371,289**	-	**371,289**
Revaluation deficit	-	-	**(1,955,000)**	-	**(1,955,000)**	-	**(1,955,000)**
Transfer to legal reserve	-	**102,877**	-	**(102,877)**	-	-	-
Dividend paid	-	-	-	**(1,050,000)**	**(1,050,000)**	-	**(1,050,000)**
At 31 August 2019	**7,000,000**	**3,023,633**	**5,301,623**	**979,877**	**16,305,133**	-	**16,305,133**

The accompanying notes form an integral part of these financial statements

Separate statement of changes in equity for the year ended 31 August 2019

Parent Company

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
At 1 September 2017	7,000,000	1,404,415	1,430,716	9,835,131
Profit for the year	-	-	1,339,717	1,339,717
Transfer to legal reserve	-	133,972	(133,972)	-
Dividend paid	-	-	(875,000)	(875,000)
At 1 September 2018	**7,000,000**	**1,538,387**	**1,761,461**	**10,299,848**
Profit for the year	**-**	**-**	**298,173**	**298,173**
Transfer to legal reserve	**-**	**29,817**	**(29,817)**	**-**
Dividend paid	**-**	**-**	**(1,050,000)**	**(1,050,000)**
At 31 August 2019	**7,000,000**	**1,568,204**	**979,817**	**9,548,021**

The accompanying notes form an integral part of these financial statements.

Consolidated and separate statement of cash flows for the year ended 31 August 2019

	2019 Group RO	2019 Parent Company RO	2018 Group RO	2018 Parent Company RO
Operating activities				
Profit for the year before tax	**504,109**	**298,173**	2,026,994	1,377,734
Adjustments for:				
Depreciation of property and equipment	**1,441,671**	**1,984**	1,517,478	4,217
Provision for end-of-service benefits	**225,482**	**4,293**	253,034	6,274
Transfer of provision for end-of-service benefit	-	-	-	(12,485)
Interest income	**(13,169)**	-	(10,159)	-
Finance costs	**160,004**	**76**	246,486	103
Gain on disposal of property and equipment	**(34,023)**	-	-	-
Deferred grant related to assets	**(467,005)**	-	(467,005)	-
(Reversal) / charge of impairment allowance	**(58,612)**	-	30,386	18,363
Dividend income receivable from subsidiaries	-	**(657,543)**	-	(1,863,728)
Operating cash flow before working capital	**1,718,457**	**(353,017)**	3,597,214	(469,522)
Changes in working capital:				
Inventories	**29,175**	-	37,819	-
Trade and other receivables	**73,496**	**1,436,137**	3,326,863	1,349,611
Students' deposits	**17,794**	-	-	-
Trade and other payables	**395,183**	**6,020**	132,347	13,844
Cash generated from operations	**2,274,105**	**1,089,140**	7,094,243	893,933
Income tax paid	**(366,666)**	**(38,017)**	(216,487)	-
End-of-service benefits paid	**(170,223)**	-	(120,663)	(15,410)
Cash generated from operating activities	**1,737,216**	**1,051,123**	6,757,093	878,523
Investing activities				
Purchase of property and equipment	**(663,862)**	**(6,321)**	(858,721)	(1,335)
Interest Received	**13,169**	-	10,159	-
Proceeds from disposals of property and equipment	**35,410**	-	-	-
Proceeds from disposal of held-for-sale assets	-	-	63,579	-
Receipt of grant related to assets	**108,300**	-	-	-
Cash used in investing activities	**(506,983)**	**(6,321)**	(784,983)	(1,335)
Financing activities				
Term loan received	**70,524**	-	397,762	-
Repayment of term loan	**(975,000)**	-	(1,325,000)	-
Repayment of short term loans	-	-	(3,000,000)	-
Dividend paid	**(1,050,000)**	**(1,050,000)**	(875,000)	(875,000)
Finance costs paid	**(160,004)**	**(76)**	(246,486)	(103)
Cash used in financing activities	**(2,114,480)**	**(1,050,076)**	(5,048,724)	(875,103)
Change in cash and cash equivalents	**(884,247)**	**(5,274)**	923,386	2,085
Cash and cash equivalents at the beginning of the year	**3,321,202**	**32,388**	2,397,816	30,303
Cash and cash equivalents at the end of the year (note 9)	**2,436,955**	**27,114**	3,321,202	32,388

The accompanying notes form an integral part of these financial statements

Notes to the financial statements for the year ended 31 August 2019

1 Legal status and principal activities

Oman Education & Training Investment Co. SAOG ("the Parent Company") is an Omani Joint Stock Company incorporated in the Sultanate of Oman on 9 November 1998 under a trade license issued by the Ministry of Commerce & Industry. The Company's Head Office is located at Sohar and its registered address is at P O Box 44, Sohar, Postal Code 311, Sultanate of Oman.

The principal activity of the Group is providing educational services.

The subsidiary companies controlled by the Parent Company are as following:

Name of Subsidiary	Proportion of ownership interest	Principal activity
Sohar University LLC	99.99%	Education and Training Investments
Modern Catering Company LLC	99.99%	Catering, cleaning and maintenance
Sohar Transportation and Shipping Services LLC	99.93%	Transportation (dormant)

2 Adoption of new and revised International Financial Reporting Standards

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 September 2018, have been adopted in these financial statements.

The Group applies, for the first time, IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The impact of the initial application of these standards is disclosed in Note 2.3 to these financial statements.

2 Adoption of new and revised International Financial Reporting Standards (continued)

2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 September 2018, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS	Summary
Annual Improvements to IFRS Standards 2014 - 2016 Cycle	The Group has adopted the amendments to IAS 28 included in the Annual Improvements to IFRS Standards 2014-2016 Cycle for the first time in the current year
IFRS 15 *Revenue from contracts with customers*	IFRS 15 provides a principles-based approach for revenue recognition and introduces the concept of recognising revenue for performance obligations as they are satisfied. The Group has assessed the impact of IFRS 15 and concluded that the standard has no material effect, on the financial statements of the Group.
IAS 40 (amendments) Transfers of Investment Property	The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

2 Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS that have been issued but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 16 *Leases*	1 January 2019
Annual Improvements to IFRSs 2015–2017 Cycle amending IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing costs*.	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments in IFRS 9 *Financial Instruments* relating to prepayment features with negative compensation.	1 January 2019
Amendment to IAS 19 *Employee Benefits* relating to amendment, curtailment or settlement of a defined benefit plan	1 January 2019
Amendments in IAS 28 *Investments in Associates and Joint Ventures* relating to long-term interests in associates and joint ventures.	1 January 2019
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	1 January 2020
Amendment to IFRS 3 *Business Combinations* relating to definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8 relating to definition of material	1 January 2020
IFRS 17 *Insurance Contracts*	1 January 2021
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

The management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards and amendments, except for IFRS 16, may have no material impact on the financial statements of the Parent Company and the Group in the period of initial application.

At the reporting date, the Group has not assessed the impact of IFRS 16 and it is not practicable to provide a reasonable estimate of effects of the application of this standard until the Group performs a detailed review.

2 Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.3 Adoption of IFRS 9 Financial Instruments

The Group has adopted IFRS 9, as issued by the IASB in July 2014 with a date of transition of 1 September 2018 .The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in the income statement, under IFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in the profit of loss.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost or at FVTOCI,
- Trade receivables,
- Cash and bank balances,

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

2 Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.3 Adoption of IFRS 9 Financial Instruments (continued)

Impairment of financial assets (continued)

As permitted by transitional provisions of IFRS 9, the Group elected not to restate the comparative figures. All adjustments to carrying amount of financial assets and financial liabilities at the date of transitions were recognised in opening retained earnings and other reserves of the current period.

There was no material impact on the Group's retained earning as at 1 September 2018.

Classification and measurement of financial assets

The Group performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics. The below table reconciles the original measurement categories and carrying amounts of financial assets in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 1 September 2018:

Financial asset	Measurement category		31 August 2018 As originally presented	Remeasurement	IFRS 9 1 September 2018
Parent Company	**IAS 39**	**IFRS 9**	**RO**	**RO**	**RO**
Trade and other receivables	Amortised cost (loans and receivables)	Amortised cost	4,146,650	-	4,146,650
Group					
Trade and other receivables	Amortised cost (loans and receivables)	Amortised cost	1,663,228	-	1,663,228

Financial liabilities

There were no changes to the classification and measurement of financial liabilities.

2 Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2. 4 Adoption of IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. IFRS 15 introduced a 5 – step approach to revenue recognition. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Group recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

2 Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.4 Adoption of IFRS 15 Revenue from Contracts with Customers (continued)

Variable consideration
Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component
The Group evaluates significant financing component, if the period between customer payment and the transfer of goods/ services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Impact on adoption of IFRS 15

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1September 2018).

There was no material impact on the Group's retained earning as at 1 September 2018.

3 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.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements of the Capital Market Authority of the Sultanate of Oman and the requirements of the Commercial Companies Law of 2019.

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

These consolidated and separate financial statements have been prepared on the historical cost basis except for land which is carried at revalued amount.

Functional currency

These consolidated and separate financial statements are presented in Rials Omani (RO), which is the Group's functional currency.

3 Summary of significant accounting policies (continued)

Basis of consolidation

The consolidated 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 statement of 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 recognized 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 recognized 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.

3 Summary of significant accounting policies (continued)

Financial instruments - Accounting policies applied from 1 September 2018

(i) Investments and other financial assets

Classification

From 1 September 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Cash and bank balances continues to be recognised as financial assets at amortised cost.

Measurement

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

Impairment

From 1 September 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk

Under IFRS 9, loss allowance are measured on either of the following bases:
- *12 month ECL*: these are ECLs that result from possible default events within 12 months after the reporting date; and
- *Lifetime ECL:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

3 Summary of significant accounting policies (continued)

Financial instruments - Accounting policies applied from 1 September 2018 (continued)

The Group applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Group will be required to measure lifetime expected credit losses at all times. The Group has used the practical expedient available under IFRS of provision matrix to determine expected credit losses on its trade receivables.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Financial instruments - Accounting policies applied before 1 September 2018

Financial instruments

Financial assets and financial liabilities are recognized on the Group's statement of consolidated financial position when the Group has become a party to the contractual provisions of the instrument.

The principal financial assets are cash and bank balances and trade and other receivables.

Trade receivables and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The principal financial liabilities are term loans, bank overdraft, student's deposit and trade and other payables.

Borrowings are recognized initially at cost, less attributable transactions costs. Subsequent to initial recognition, borrowings are stated at amortised cost with the difference between cost and redemption value recognized in the profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables are initially measured at their fair value and subsequently measured at amortised cost, using the effective interest method.

Impairment financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

3 Summary of significant accounting policies (continued)

Financial instruments - Accounting policies applied before 1 September 2018 (continued)

Impairment financial assets (continued)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss and other comprehensive income.

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.

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 land and capital work in progress over their estimated useful lives, using the straight line method, on the following bases:

	Years
Permanent buildings	40
Furniture fixtures and equipment	5
Motor vehicles	5
Library books	5
Computers	5
Others	5
Porta-cabins	6.7

The gain or loss 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 recognized in the profit or loss.

Revaluation surplus

Surplus on revaluation of land is credited to the surplus on revaluation account (net of deferred taxation). 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.

3 Summary of significant accounting policies (continued)

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 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 recognized in the statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of the Group'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 recognized.

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 realizable value represents the estimated selling price less all costs necessary to make the sale.

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

3 Summary of significant accounting policies (continued)

End-of-service benefits

Payment is made to Omani Government's Social Security Scheme under Royal Decree number 72/91 (as amended) for Omani employees.

Provision for non-Omani employees has been made for end-of-service benefits, leave pay and passage accordance with the terms of the Labour Law of the Sultanate of Oman and is based on the current remuneration and cumulative years of service at the reporting date.

Provisions

Provisions are recognized when the Group 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 taxation purposes. The amount of deferred tax provided is based on the expected manner of realization 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 realized.

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 (Applicable till 31 August 2018)

Revenue is measured at the fair value of the consideration received or receivable. Tuition fee is recognized as income when it is considered probable that the fees will be received from the students.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (Applicable from 1 September 2018)

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 performance as and when the Group performs. Revenue is recognized 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 is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

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 the 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 overdrafts.

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 net assets are presented as equity. Such items include paid-up share capital.

Fiduciary assets

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

4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements, as per 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 2019 is included in the following notes:

Key sources of estimation uncertainty

Allowance for impaired students' receivables (before 31 August 2018)
Allowance for impaired students' receivables is based on management's best estimates of recoverability of the amounts due along with the number of days for which such debts are due.

Allowance for impaired students' receivables (after 31 August 2018)
When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

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

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

Revaluation of land
The revaluation of the land is a significant judgment area and is underpinned by a number of assumptions.

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.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

5. Property and equipment

Group	Freehold land RO	Permanent buildings RO	Furniture fixtures, and equipment RO	Motor vehicles RO	Library books RO	Computers RO	Others RO	Porta-cabins RO	Capital work-in-progress RO	Total RO
Cost / fair value										
At 1 September 2017	9,000,000	30,350,852	4,014,424	228,366	368,242	2,276,076	1,502,598	387,427	2,039,067	50,167,052
Additions	-	-	88,972	27,100	13,377	90,750	77,832	-	560,690	858,721
Transfers	-	276,301	-	-	-	-	-	269,540	(545,841)	-
At 1 September 2018	**9,000,000**	**30,627,153**	**4,103,396**	**255,466**	**381,619**	**2,366,826**	**1,580,430**	**656,967**	**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)**	**(105,689)**	**(176,149)**	-	**(1,719,103)**
Revaluation deficit	**(2,300,000)**	-	-	-	-	-	-	-	-	**(2,300,000)**
Transfers	-	**363,812**	-	-	-	-	-	**177,931**	**(541,743)**	-
At 31 August 2019	**6,700,000**	**30,990,965**	**3,369,310**	**253,166**	**289,683**	**2,042,981**	**1,517,621**	**658,749**	**1,848,057**	**47,670,532**
Depreciation										
At 1 September 2017	-	4,565,615	3,017,879	206,726	333,008	1,712,597	1,351,649	292,554	-	11,480,028
Charge for the year	-	762,906	398,599	17,218	17,953	205,747	80,678	34,377	-	1,517,478
At 1 September 2018	-	**5,328,521**	**3,416,478**	**223,944**	**350,961**	**1,918,344**	**1,432,327**	**326,931**	-	**12,997,506**
Charge for the year	-	**767,429**	**317,665**	**18,039**	**17,749**	**200,321**	**49,434**	**71,034**	-	**1,441,671**
Transfer	-	-	**(840,989)**	**(29,599)**	**(123,637)**	**(441,733)**	**(105,616)**	**(176,142)**	-	**(1,717,716)**
At 31 August 2019	-	**6,095,950**	**2,893,154**	**212,384**	**245,073**	**1,676,932**	**1,376,145**	**221,823**	-	**12,721,461**
Carrying amount										
At 31 August 2019	**6,700,000**	**24,895,015**	**476,156**	**40,782**	**44,610**	**366,049**	**141,476**	**436,926**	**1,848,057**	**34,949,071**
At 31 August 2018	9,000,000	25,298,632	686,918	31,522	30,658	448,482	148,103	330,036	2,053,916	38,028,267

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (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 2017	19,085	13,968	5,765	18,045	56,863
Additions	-	-	1,335	-	1,335
At 1 September 2018	**19,085**	**13,968**	**7,100**	**18,045**	**58,198**
Additions	-	-	-	**6,321**	**6,321**
At 31 August 2019	**19,085**	**13,968**	**7,100**	**24,366**	**64,519**
Depreciation					
At 1 September 2017	14,144	12,199	4,289	-	30,632
Charge for the year	1,975	1,419	823	-	4,217
At 1 September 2018	**16,119**	**13,618**	**5,112**	-	**34,849**
Charge for the year	**918**	**350**	**716**	-	**1,984**
At 31 August 2019	**17,037**	**13,968**	**5,828**	-	**36,833**
Carrying amount					
At 31 August 2019	**2,048**	-	**1,272**	**24,366**	**27,686**
At 31 August 2018	2,966	350	1,988	18,045	23,349

Freehold land was revalued at its open market value of RO 6.7 million by an independent professional valuer as of 29 September 2019, which resulted in a deficit of RO 2.3 million. The deficit arising on revaluation has been taken to revaluation reserve included as a separate component of equity.

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

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost	**462,796**	-	462,796	-

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

6. 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.

Subsidiary companies	Country of Incorporation	Principal activity	2019 Proportion held %	2019 Carrying value RO	2018 Proportion held %	2018 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	Catering, cleaning and maintenance	**99.90**	**249,750**	99.90	249,750
Sohar Transportation and Shipping Services LLC	Sultanate of Oman	Transport	**99.93**	**149,900**	99.93	149,900
				6,399,050		6,399,050

7. Inventories

	2019 Group RO	2019 Parent Company RO	2018 Group RO	2018 Parent Company RO
Inventories	**131,159**	**-**	160,334	-

8. Trade and other receivables

	2019 Group RO	2019 Parent Company RO	2018 Group RO	2018 Parent Company RO
Fees receivables	**2,479,183**	**107,649**	2,887,470	107,649
Less: provision for expected credit losses	**(845,193)**	**(107,649)**	(1,284,874)	(107,649)
Net fees receivable	**1,633,990**	**-**	1,602,596	-
Prepayments	**120,255**	**1,729**	144,743	2,316
Due from employees	**1,049**	**-**	3,842	424
Due from related parties (Note 23)	**-**	**2,711,100**	-	2,282,498
Dividend receivable	**-**	**657,543**	-	1,863,728
Other receivables	**53,561**	**-**	56,790	-
	1,808,855	**3,370,372**	1,807,971	4,148,966
Advance to contractors and suppliers	**1,330,491**	**-**	1,346,259	-
Less: allowance for impaired debts	**(503,800)**	**-**	(503,800)	-
	826,691	**-**	842,459	-
	2,635,546	**3,370,372**	2,650,430	4,148,966

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

8. Trade and other receivables

Movement in the provision for fees receivables was as follows:

	2019		2018	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	1,284,874	107,649	1,254,488	89,286
(Reversal) / Charge for the year	(58,612)	-	30,386	18,363
Written off during the year	(381,069)	-	-	-
At 31 August	845,193	107,649	1,284,874	107,649

9. Bank balances and cash

Cash on hand	22,948	500	34,033	500
Bank balances	2,414,007	26,614	3,287,169	31,888
Cash and cash equivalents	2,436,955	27,114	3,321,202	32,388

10. Share capital

Authorized share capital 2019 and 2018 100,000,000 shares of RO 0.100 each	10,000,000	10,000,000	10,000,000	10,000,000
Issued and paid up share capital 2019 and 2018 70,000,000 shares of RO 0.100 each	7,000,000	7,000,000	7,000,000	7,000,000

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

	2019		2018	
	RO	%	RO	%
Global Financial Investments Co. SAOG	2,637,666	37.68	2,637,666	37.68

11. Legal reserve

The statutory reserve, which is not available for distribution is calculated in accordance with Article 132 of the Commercial Companies Law. The annual appropriation must be 10% of the net profit for the period until such time as the reserve amounts to at least one third of the share capital.

12. Deferred grants related to assets

	2019		2018	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	16,440,698	-	16,907,703	-
Received during the year	108,300	-	-	-
Release to income during the year	(467,005)	-	(467,005)	-
At 31 August	16,081,993	-	16,440,698	-

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 buildings and other installation costs which are required for the Group. The Group had received the full amount of the subsidy.

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. This grant was received and recognized during the year 2011.

The deferred grants related to assets includes an amount of RO 183,300 received for the construction of a mosque.

According to the Royal Decree 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. The Group has received the full amount of the grant.

13. Term loans

	2019		2018	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Term loan	1,053,341	-	1,957,817	-
Current portion	(625,000)	-	(975,000)	-
Long term portion	428,341	-	982,817	-

Term loan represents the loan taken to complete the Phase II buildings. The loan was obtained from Bank Sohar SAOG at an interest rate ranging between 5.5% to 6% per annum (2018: 5.5%) and is to be reviewed annually. The loan is repayable in 2 equal semi-annual installments of RO 312,500 each. The loan is secured by the legal and commercial mortgage over University's fixed and current assets, corporate guarantee and assignment of payment from Ministry of Higher Education.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

13. Term loans (continued)

Maturity of the term loans

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Within one year	**625,000**	-	975,000	-
Between 1 and 2 years	**428,341**	-	625,000	-
Between 2 and 5 years	**-**	-	357,817	-
At 31 August	**1,053,341**	-	1,957,817	-

14. 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 2008, the Group applied for an extension in the exemption for additional five years starting from September 2008, which was granted by the Tax Authorities. For the financial year 2014, the Group has become taxable since the expiry of second exemption period in 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 (2018: 15%).

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Statement of financial position				
Deferred tax liability	**1,163,514**	-	1,440,820	-
Provision for income tax	**143,553**	-	445,093	38,017
Statement of profit or loss and other comprehensive income				
Current income tax				
Current year	**65,126**	-	328,648	-
Prior year	**-**	-	38,018	38,017
Deferred tax	**67,694**	-	63,044	-
	132,820	-	429,710	38,017

14. Taxation (continued)

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:

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Profit before tax	**504,109**	**298,173**	2,026,994	1,377,734
Tax @ 15%	**75,616**	**44,726**	304,049	206,660
Tax effect on exempt income	-	**(44,514)**	-	(211,165)
Tax effect of items disallowed	**617**	-	1,628	1,628
Prior year tax	-	-	38,018	38,017
Tax on temporary differences	**(11,107)**	**(212)**	86,015	2,877
	65,126	-	429,710	38,017

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 Secretariat General of Taxation at the Ministry of Finance up to the tax year 2013. The Board of Directors 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 at 31 August 2019.

Subsidiaries
The income tax assessments for the Sohar University LLC "the University", have been completed by the Secretariat General of Taxation at the Ministry of Finance up to the tax year 2016. Based on the tax assessments received for the years from 2009 to 2016, RO 4 million have been claimed by the Secretariat General of Taxation. The University had submitted an objection and discussed the objection with the tax authorities. The main disputed points are as follows:

- The eligibility of the University in benefiting the tax exemption for the five years 2009 to 2013.
- Whether the Royal grant is subject to taxation. Currently, the University calculates tax on the annually released government grant.

The Group is awaiting for the Secretariat General of Taxation's decision on the objection and expect the results of the objection or the appeal will be in favour of the University.

The income tax assessments of Modern Catering Company LLC have been completed by the Secretariat General of Taxation up to the tax year 2016.

The Board of Directors believes that any additional taxes that may arise on completion of the tax assessments for the open tax years of subsidiaries will not be significant to the Group's consolidated financial position at 31 August 2019.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

14. Taxation (continued)

Recognised deferred tax liability is attributable to the following item:

Group	At 1 September RO	Recognised in Profit and loss RO	Recognised in Other comprehensive income RO	At 31 August RO
2019				
Revaluation deficit 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)**
2018				
Revaluation surplus on land	(1,280,581)	-	-	(1,280,581)
Provision for debts and advances	250,349	1,805	-	252,154
Property and equipment	(347,544)	(64,849)	-	(412,393)
Net deferred tax liability	(1,377,776)	(63,044)	-	(1,440,820)

15. End-of-service benefits

	2019 Group RO	2019 Parent Company RO	2018 Group RO	2018 Parent Company RO
At 1 September	**1,328,833**	**16,310**	1,196,462	37,931
Charge during the year (note 19)	**225,482**	**4,293**	253,034	6,274
Transferred during the year	**-**	**-**	-	(12,485)
Paid during the year	**(170,223)**	**-**	(120,663)	(15,410)
At 31 August	**1,384,092**	**20,603**	1,328,833	16,310

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

16. Trade and other payables

	2019		2018	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Trade payables	**726,948**	-	836,774	2,630
Accrued expenses	**474,722**	**8,481**	533,463	10,240
Advance tuition fees	**940,912**	-	417,662	-
Provision for leave pay and passage	**249,354**	**13,414**	230,384	8,275
Research grant (note 16.1)	**127,639**	-	49,440	-
Students' deposits	**132,064**	-	134,143	-
Retention payables	**1,074,016**	-	1,094,384	-
Due to related parties (note 23)	-	**224,268**	-	217,582
Other payables	**99,076**	**9,435**	133,298	10,851
	3,824,731	**255,598**	3,429,548	249,578

16.1 Research grant

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

	2019		2018	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	**49,440**	-	68,761	-
Received during the year	**163,365**	-	54,896	-
Utilised during the year	**(85,166)**	-	(74,217)	-
At 31 August	**127,639**	-	49,440	-

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

17. 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 Parent Company, by the number of shares outstanding as follows:

	2019		2018	
	Group	Parent Company	Group	Parent Company
Net assets (RO)	**16,305,133**	**9,548,021**	18,938,844	10,299,848
Number of ordinary shares	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Net assets per share (RO)	**0.23**	**0.14**	0.27	0.15

18. Other income

Students' accommodation	**441,497**	-	450,770	-
Students' transportation	**16,849**	-	42,956	-
Gain on sale of property and equipment	**34,023**	-	-	-
Interest income	**13,169**	-	10,159	-
Other income	**178,622**	-	198,967	-
	684,160	-	702,852	-

19. Salaries and related costs

Salaries and allowances	**7,241,684**	**226,765**	6,828,397	230,704
Employee's bonus	**80,115**	**3,206**	176,460	5,565
Leave pay	**684,901**	**10,698**	661,802	6,518
Social security	**405,967**	**14,436**	372,474	12,489
End-of-service benefits (note 15)	**225,482**	**4,293**	253,034	6,274
Air passage	**107,034**	**1,375**	107,681	2,001
Other costs	**281,616**	**4,181**	258,937	6,705
	9,026,799	**264,954**	8,658,785	270,256

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

20. Administrative and other operating expenses

	2019		2018	
	Group RO	Parent Company RO	Group RO Restated	Parent Company RO
Students' transportation	**16,344**	-	34,994	-
Repairs and maintenance	**422,607**	-	490,528	500
Utilities	**466,041**	-	417,791	-
Rent	**62,890**	**1,800**	63,761	2,100
Teaching material	**56,556**	-	72,110	-
Cleaning expenses	**61,645**	-	60,256	-
Advertising and marketing	**82,241**	**3,580**	73,980	3,745
Communication	**131,571**	**224**	130,282	470
Entertainment	**46,434**	**390**	47,828	1,879
Travel allowances	**46,804**	**3,720**	84,678	18,157
Printing and stationery	**35,393**	**1,369**	44,012	1,158
Graduation expenses	**50,456**	-	51,410	-
Academic expenses	**40,481**	-	32,097	-
Summer school expenses	**5,676**	-	-	-
Insurance	**16,978**	**2,068**	20,545	3,290
In-house conferences	**58,502**	**-**	65,589	-
MSM membership	**11,509**	**11,509**	11,203	11,203
Legal, consultancies and professional fees	**151,851**	**10,800**	268,018	75,808
Vehicle expenses and conveyance	**29,393**	**640**	25,703	103
Board of directors and audit committee's sitting fees	**52,000**	**52,000**	51,000	51,000
Board of governance sitting fees	**21,700**	-	26,450	-
Continue education center expenses	**37,506**	-	59,308	-
Miscellaneous expenses	**70,253**	**4,256**	80,365	23,642
	1,974,831	**92,356**	2,211,908	193,055

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

21. Earnings per share

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Profit for the year (RO)	**371,289**	**298,173**	1,597,284	1,339,717
Weighted average number of shares on issue	**70,000,000**	**70,000,000**	70,000,000	70,000,000
Earnings per share (RO)	**0.005**	**0.004**	0.023	0.019

The earning per share is calculated by dividing the profit for the year attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the year.

22. Related parties transaction

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.

The Group entered into transactions in the ordinary course of business with related parties.

At 31 August balances with related parties were as follows:

	Parent Company	
	2019 RO	2018 RO
Due from related parties:		
Sohar University LLC	**2,711,100**	2,282,498
Due to a related party:		
Sohar Transportation and Maintenance and Services LLC	**150,000**	150,000
Modern Catering Company LLC	**74,268**	67,582
	224,268	217,582

Outstanding balances at year-end arise in the normal course of business. For the year ended 31 August 2019, the Group has not recorded any impairment of amounts owed by related parties except for RO 9,167, which is fully impaired.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

22. Related parties (continued)

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

	2019		2018	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Rent	24,773	-	25,440	-
Dividend income	-	657,543	-	1,863,728
Expenses paid by others on behalf of Company	-	391,813	-	441,678

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.

	2019		2018	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Short term benefits	431,839	91,399	421,545	90,798
Staff retirement benefits	20,999	2,699	22,163	3,092
Sitting fees - Board of directors and other committees	52,000	52,000	51,000	51,000
Sitting fees - Board of Governance	21,700	-	26,450	-

23. Fiduciary activities

The Group entered into two agreements with Ministry of Commerce and Industries (MOCI) to establish two research centers in the University; namely Research Centre for Transformational Industries "RCFTI" and The Pioneer Factory for Molds and Production Tools "PFFMPT", to support and develop the manufacturing sector in Oman. MOCI provided the fund to establish and run these projects and supervises the operation of these projects.

Group	2019 RO	2018 RO
Funds under management	2,014,375	1,037,492

24. Contingencies and commitments

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Commitments				
Capital commitments for acquisition of property and equipment	**189,189**	-	423,588	-
Contingency				
Letter of guarantee	**2,493,725**	-	1,037,500	-

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 to be held by the end of 31 October 2019. 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 material and RO 5.6 million as compensation for the hardship faced by the contractor. It also involves the counter claim by Sohar University for not accepting any of the above claims and claiming RO 5.54 million for delay losses, losses due to poor implementation and non-conformity with the project requirements, delay fine as per contract, materials cost and extra expenses paid by the University because of contractor failure to meet the contract conditions etc. The Arbitrator referred the case to experts committee (three Engineers). As of the reporting date, the Arbitrator has not issued his decision yet, and the management believes that the final outcome will be in favour of the Group.

25. Financial risk management

Overview

Financial instruments consist of financial assets and liabilities. The principal financial assets and liabilities carried on the statement of financial position includes cash and bank balances, trade and other receivables, term loan, 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.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

25. Financial risk management (continued)

Overview (continued)

The Group's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group'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's receivables from customers 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's bank accounts are placed with reputed financial institutions.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each student/sponsor. The Group 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 establishes a provision for impairment 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:

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Fees receivables	**2,479,183**	**107,649**	2,887,470	107,649
Due from related parties	**-**	**2,711,100**	-	2,282,498
Dividend receivables	**-**	**657,543**	-	1,863,728
Other receivables	**54,610**	**-**	60,632	424
Bank balances	**2,414,007**	**26,614**	3,287,169	31,888
	4,947,800	**3,502,906**	6,235,271	4,286,187

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

25. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

	2019		2018	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Ministry of Higher Education	**1,534,011**	-	1,453,460	-
Others	**945,172**	**107,649**	1,434,010	107,649
	2,479,183	**107,649**	2,887,470	107,649

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

	2019		2018	
Group	**Gross RO**	**Impairment RO**	Gross RO	Impairment RO
Past due from 1st academic semester	**16,450**	-	386,439	-
Past due from 2nd academic semester	**1,485,060**	-	1,104,956	-
Past due for summer academic semester	**70,726**	-	48,047	-
Past due more than 365 days	**906,947**	**845,193**	1,348,028	1,284,874
	2,479,183	**845,193**	2,887,470	1,284,874
Parent				
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 to obtain collateral over receivables.

Liquidity risk

Liquidity risk is the risk that the Group 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 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 reputation.

Typically the Group ensures that it has 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 has access to credit facilities.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

25. Financial risk management (continued)

Liquidity risk (continued)

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

2019	Carrying amount RO	Contractual cash flows RO	Within 1 year RO	1 - 2 years RO	More than 2 years RO
Group					
Trade payables	**726,948**	**726,948**	**726,948**	-	-
Other payables	**2,965,719**	**2,965,719**	**2,965,719**	-	-
Term loan	**1,053,341**	**1,123,460**	**678,870**	**444,589**	-
Students' deposits	**328,438**	**328,438**	**132,064**	**196,374**	-
	5,074,446	**5,144,565**	**4,503,601**	**640,963**	-
Parent					
Trade payables	-	-	-	-	-
Other payables	**31,330**	**31,330**	**31,330**	-	-
Due to related parties	**224,268**	**224,268**	**224,268**	-	-
	255,598	**255,598**	**255,598**	-	-
2018					
Group					
Trade payables	836,774	836,774	836,774	-	-
Other payables	2,458,631	2,458,631	2,458,631	-	-
Term loan	1,957,817	2,108,670	1,065,527	674,679	368,464
Students' deposits	312,723	312,723	134,143	80,053	98,527
	5,565,945	5,716,798	4,495,075	754,732	466,991
Parent					
Trade payables	2,630	2,630	2,630	-	-
Other payables	29,366	29,366	29,366	-	-
Due to related parties	217,582	217,582	217,582	-	-
	249,578	249,578	249,578	-	-

25. 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 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 optimizing the return on risk.

Foreign currency risk

The Group's functional and presentation currency is Rial Omani and the Group'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 term loans bearing interest rates as disclosed in note 13. The management manages the interest rate risk by constantly monitoring the changes in interest rate.

26. 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 2019.

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

27. 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. Revenue represent the most significant component of revenue for the Group (for 2019 and 2018) and no other segments are significant.

Notes to the consolidated and separate financial statements for the year ended 31 August 2019 (continued)

28. 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 statement of cash flows from financing activities.

	At 1 September RO	Cash flows RO	Non-cash changes RO	At 31 August RO
2019				
Term loans	**1,957,817**	**(904,476)**	-	**1,053,341**
Bank borrowings	-	-	-	-
	1,957,817	**(904,476)**		**1,053,341**
2018				
Term loans	2,885,055	(927,238)	-	1,957,817
Bank borrowings	3,012,351	(3,012,351)	-	-
	5,897,406	(3,939,589)	-	1,957,817

29. Proposed distribution

The Board of Directors has proposed a cash dividend of 7% (2018 – 15%) for the year 2019, which is subject to the shareholders' approval in the forthcoming Annual General Meeting.

30. Prior year adjustment

An amount of RO 162,180 was included in last year Group's administrative and other operating expenses and represents scholarships and tuition fees discounts given for the Group's staff and other parties, which was not in line with the requirements of the International Accounting Standard 18 – Revenue (applicable for the year ended 31 August 2018). Accordingly the Group's administrative and other operating expenses and tuition fees have been reduced by RO 162,180. This restatement has no impact on the amounts reported in the consolidated statement of financial position as of 31 August 2018, the Group's profit and cash flows for the year then ended.

31. Approval of financial statements

The financial statements were approved by the shareholders and authorized for issue on 30 October 2019.