OMAN EDUCATION & TRAINING INVESTMENT COMPANY SAOG AND ITS SUBSIDIARIES

Report and consolidated and separate financial statements for the year ended 31 August 2018

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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

Opinion

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 2018 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 44 including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Parent Company financial statements present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 August 2018 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 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 opinion.

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 matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables **Description** The Group has significant trade receivables in the amount of RO 2.9 million at 31 August 2018. Determination of the recoverable amount incorporates significant judgements based on various assumptions including the expected timing of payment, recent historical payment pattern and any other available information relating to the creditworthiness of the counterparty.	We obtained an understanding of the process and controls implemented by the Group over the receivable provisioning process; We checked subsequent collections after the year end; We tested the adequacy of the Group's impairment against trade receivables by performing a retrospective review of historical provisioning and evaluating of the age analysis of trade receivables; and We assessed the appropriateness of the Group's disclosure.

Other matter

The consolidated and separate financial statements for the year ended 31 August 2017 were audited by another auditor who expressed an unmodified opinion on the consolidated and separate financial statements on 29 October 2017.

Other information

The Board of Director (the "Board") is responsible for the other information. The other information comprises Directors' 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 1974, as amended, 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 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 the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated 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.

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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 financial statements (continued)

- 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.
- 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.

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 1974, as amended, and the disclosure requirements issued by the Capital Market Authority.

Deloitte - Touche

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
24 October 2018

ديلويت آند توش (الشرق الأوسط) وشركاه ش.م.م
C.R. No. 1736256
Deloitte.
0901-02
Deloitte & Touche (M.E.)& Co. LLC.

Signed by
Mark Dunn
Partner

Oman Education and Training Investment Company SAOG and its Subsidiaries

Consolidated and separate statement of financial position as at 31 August 2018

	Note	Group 2018 RO	Parent Company 2018 RO	Group 2017 RO Restated	Parent Company 2017 RO	Group 2016 RO Restated
ASSETS						
Non-current assets						
Property and equipment	5	38,028,267	23,349	38,687,024	26,231	38,079,234
Investment in subsidiaries	6	-	6,399,050	-	6,399,050	-
Total non-current assets		38,028,267	6,422,399	38,687,024	6,425,281	38,079,234
Current assets						
Assets held-for-sale	29	-	-	63,579	-	-
Inventories	7	160,334	-	198,153	-	182,553
Trade and other receivables	8	2,650,430	4,148,966	6,007,679	3,653,212	5,392,896
Bank balances and cash	9	3,321,202	32,388	2,410,167	30,303	426,458
Total current assets		6,131,966	4,181,354	8,679,578	3,683,515	6,001,907
Total assets		44,160,233	10,603,753	47,366,602	10,108,796	44,081,141
EQUITY AND LIABILITIES						
EQUITY						
Share capital	10	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Legal reserve	11	2,920,756	1,538,387	2,574,655	1,404,415	2,279,185
Property revaluation reserve	5	7,256,623	-	7,256,623	-	5,752,740
Retained earnings		1,761,465	1,761,461	1,385,282	1,430,716	1,079,973
Total equity		18,938,844	10,299,848	18,216,560	9,835,131	16,111,898
Non-controlling interest		-	-	-	-	2,337
Total equity and minority interest		18,938,844	10,299,848	18,216,560	9,835,131	16,114,235
LIABILITIES						
Non-current liabilities						
Deferred grants related to assets	12	16,440,698	-	16,907,703	-	17,374,708
Term loans	13	982,817	-	1,560,055	-	2,475,422
Deferred tax liability	14	1,440,820	-	1,377,776	-	942,346
End of service benefits	15	1,328,833	16,310	1,196,462	37,931	1,047,784
Students' deposits		178,580	-	178,581	-	213,060
Total non-current liabilities		20,371,748	16,310	21,220,577	37,931	22,053,320
Current liabilities						
Banks borrowings	16	-	-	3,012,351	-	752,008
Term loans – current portion	13	975,000	-	1,325,000	-	1,575,000
Trade and other payables	17	3,429,548	249,578	3,297,202	235,734	3,288,748
Provision for income tax	14	445,093	38,017	294,912	-	297,830
Total current liabilities		4,849,641	287,595	7,929,465	235,734	5,913,586
Total liabilities		25,221,389	303,905	29,150,042	273,665	27,966,906
Total equity and liabilities		44,160,233	10,603,753	47,366,602	10,108,796	44,081,141
Net assets per share	18	0.27	0.15	0.260	0.140	0.23

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

Oman Education and Training Investment Company SAOG and its Subsidiaries

Consolidated and separate statement of profit or loss and other comprehensive income for the year ended 31 August 2018

	Note	Group 2018 RO	Parent Company 2018 RO	Group 2017 RO Restated	Parent Company 2017 RO
Income					
Tuition fees		13,684,360	-	13,263,586	-
Other income	19	702,852	1,863,728	688,555	1,610,834
Total income		14,387,212	1,863,728	13,952,141	1,610,834
Expenses					
Salaries and related costs	20	(8,658,785)	(270,256)	(8,341,061)	(321,767)
Administrative and other operating expenses	21	(2,404,474)	(211,418)	(2,478,463)	(117,138)
Depreciation of property and equipment	5	(1,517,478)	(4,217)	(1,698,095)	(6,913)
Total expenses		(12,580,737)	(485,891)	(12,517,619)	(445,818)
Profit for the year from operations		1,806,475	1,377,837	1,434,522	1,165,016
Release of deferred grants related to assets	12	467,005	-	467,005	-
Finance costs		(246,486)	(103)	(364,295)	(123)
Profit for the year before tax from continuing operations		2,026,994	1,377,734	1,537,232	1,164,893
Income tax	14	(429,710)	(38,017)	(155,436)	-
Profit for the year from continuing operations		1,597,284	1,339,717	1,381,796	1,164,893
Discontinued operations					
Loss for the year from discontinued operations	29	-	-	(83,354)	-
Profit for the year		1,597,284	1,339,717	1,298,442	1,164,893
Other comprehensive income:					
Item that will not be reclassified subsequently to profit or loss					
Surplus on revaluation of land	5	-	-	2,000,000	-
Less: income tax effect	14	-	-	(496,117)	-
		-	-	1,503,883	-
Profit for the year and total comprehensive income for the year		1,597,284	1,339,717	2,802,325	1,164,893
Earnings per share					
From continuing and discontinuing operations	22	0.023	0.019	0.019	0.017
From continuing operations	22	0.023	0.019	0.020	0.017

The accompanying notes form an integral part of these financial statements

Oman Education and Training Investment Company SAOG and its Subsidiaries

Consolidated statement of changes in equity for the year ended 31 August 2018

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 2016	7,000,000	1,378,783	5,752,740	1,980,375	16,111,898	2,337	16,114,235
Prior year' adjustment (Note 33)	-	900,402	-	(900,402)	-	-	-
Restated balance at 1 September 2016	7,000,000	2,279,185	5,752,740	1,079,973	16,111,898	2,337	16,114,235
Profit for the year	-	-	-	1,298,442	1,298,442	-	1,298,442
Revaluation of land – net of deferred tax	-	-	1,503,883	-	1,503,883	-	1,503,883
Transfer to legal reserve	-	295,470	-	(295,470)	-	-	-
Dividend paid	-	-	-	(700,000)	(700,000)	-	(700,000)
Transfer of non-controlling interest	-	-	-	2,337	2,337	(2,337)	-
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 31 August 2018	**7,000,000**	**2,920,756**	**7,256,623**	**1,761,465**	**18,938,844**	-	**18,938,844**

The accompanying notes form an integral part of these financial statements

The separate statement of changes in equity for the year ended 31 August 2018

Parent Company

	Share capital RO	Legal reserve RO	Retained earnings RO	Total equity RO
At 1 September 2016	7,000,000	1,287,926	1,082,312	9,370,238
Net profit for the year	-	-	1,164,893	1,164,893
Transfer to legal reserve	-	116,489	(116,489)	-
Dividend paid	-	-	(700,000)	(700,000)
At 1 September 2017	**7,000,000**	**1,404,415**	**1,430,716**	**9,835,131**
Net 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 31 August 2018	**7,000,000**	**1,538,387**	**1,761,461**	**10,299,848**

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

Oman Education and Training Investment Company SAOG
and its Subsidiaries

Consolidated and separate statement of cash flows
for the year ended 31 August 2018

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Operating activities				
Profit for the year before tax	2,026,994	1,377,734	1,453,878	1,164,893
Adjustments for:				
Depreciation of property and equipment	1,517,478	4,217	1,727,270	6,913
Provision for end of service benefits	253,034	6,274	265,228	6,677
Transfer of provision for end of service benefit	-	(12,485)	-	-
Interest income	(10,159)	-	(9,032)	-
Finance costs	246,486	103	364,295	123
Write-off of property and equipment	-	-	331,656	-
Deferred Government grant related to assets	(467,005)	-	(467,005)	-
Allowance for impaired debts and advances	30,386	18,363	48,008	-
Allowance for impaired debts written off	-	-	(10,641)	(10,641)
Dividend income	-	(1,863,728)	-	(1,610,834)
Operating cash flow before working capital	3,597,214	(469,522)	3,703,657	(442,869)
Changes in working capital:				
Inventories	37,819	-	(19,137)	-
Trade and other receivables	3,326,863	(514,117)	(652,150)	(322,617)
Students' deposits	1	-	(34,478)	-
Trade and other payables	132,346	13,844	8,451	(108,154)
Cash generated from / (used in) operations	7,094,243	(969,795)	3,006,343	(873,640)
Income tax paid	(216,487)	-	(219,041)	-
End of service benefits paid	(120,663)	(15,410)	(116,550)	(7,887)
Cash generated from / (used in) operating activities	6,757,093	(985,205)	2,670,752	(881,527)
Investing activities				
Purchase of property and equipment	(858,721)	(1,335)	(748,727)	(21,045)
Interest Received	10,159	-	9,032	-
Proceeds from disposals of property and equipment	-	-	21,970	400
Proceeds from disposal of held-for-sale assets	63,579	-	-	-
Dividend received	-	1,863,728	-	1,610,834
Cash (used in) / generated from investing activities	(784,983)	1,862,393	(717,725)	1,590,189
Financing activities				
Term loan received	397,762	-	409,634	-
Repayment of term loan	(1,325,000)	-	(1,575,000)	-
Short term loans received	(3,000,000)	-	2,250,000	-
Dividend paid	(875,000)	(875,000)	(700,000)	(700,000)
Finance costs paid	(246,486)	(103)	(364,295)	(123)
Cash (used in) financing activities	(5,048,724)	(875,103)	20,339	(700,123)
Change in cash and cash equivalents	923,386	2,085	1,973,366	8,539
Cash and cash equivalents at the beginning of the year	2,397,816	30,303	424,450	21,764
Cash and cash equivalents at the end of the year (note 9)	3,321,202	32,388	2,397,816	30,303

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 PO Box 44, Sohar, Postal Code 311, Sultanate of Oman.

The principal activity of the Company 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 Application of new and revised International Financial Reporting Standards (IFRS)

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 2017, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

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

2.2 New and revised IFRS in issue but not yet effective

The Company 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
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	1 January 2018
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	1 January 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions	1 January 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2018
Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
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

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

2.2 New and revised IFRS in issue but not yet effective (continued)

Board of Directors 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, interpretations and amendments, except for IFRS 9 and IFRS 15, may have no material impact on the financial statements of the Company in the period of initial application.

Board of Directors anticipates that IFRS 15 and IFRS 9 will be adopted effective from 1 January 2018. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities.

At the reporting date, the Group has not assessed the impact of IFRS 9 and IFRS 15 and it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

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 1974, as amended.

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)

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.

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.

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)

Impairment

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.

Financial instruments

Financial assets and financial liabilities are recognized on the Group's statement of 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 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, notes payable 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.

3 Summary of significant accounting policies (continued)

Employee 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 termination gratuities, 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

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.

3 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 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 2018 is included in the following notes:

Key sources of estimation uncertainty

Allowance for impaired students' receivables
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.

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.

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 2016	7,000,000	29,569,863	4,171,007	228,366	367,403	2,163,941	1,441,562	387,427	2,681,528	48,011,097
Additions	-	11,221	88,140	-	839	126,673	62,891	-	458,963	748,727
Revaluation during the year	2,000,000	-	-	-	-	-	-	-	-	2,000,000
Transfers	-	769,768	-	-	-	-	-	-	(769,768)	-
Disposals	-	-	(159,349)	-	-	(10,699)	(1,855)	-	-	(171,903)
Transfer to assets held-for-sale	-	-	(85,374)	-	-	(3,839)	-	-	-	(89,213)
Write-off	-	-	-	-	-	-	-	-	(331,656)	(331,656)
At 1 September 2017 (Restated)	**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 31 August 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**
Depreciation										
At 1 September 2016	-	3,815,297	2,641,981	191,322	313,210	1,461,563	1,238,461	270,029	-	9,931,863
Charge for the year *	-	750,318	541,644	15,404	19,798	262,540	115,041	22,525	-	1,727,270
Transfer to assets held-for-sale	-	-	(27,961)	-	-	(1,211)	-	-	-	(29,172)
Disposal	-	-	(137,785)	-	-	(10,295)	(1,853)	-	-	(149,933)
At 1 September 2017 (Restated)	-	**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 31 August 2018	-	**5,328,521**	**3,416,478**	**223,944**	**350,961**	**1,918,344**	**1,432,327**	**326,931**	-	**12,997,506**
Carrying amount										
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**
At 31 August 2017	9,000,000	25,785,237	996,545	21,640	35,234	563,479	150,949	94,873	2,039,067	38,687,024

* Depreciation charge for the year include RO Nil (2017: RO 29,175) related to the discontinued operations.

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 / fair value					
At 1 September 2016	16,085	13,968	8,103	-	38,156
Additions	3,000	-	-	18,045	21,045
Disposal	-	-	(2,338)	-	(2,338)
At 1 September 2017	**19,085**	**13,968**	**5,765**	**18,045**	**56,863**
Additions	-	-	**1,335**	-	**1,335**
At 31 August 2018	**19,085**	**13,968**	**7,100**	**18,045**	**58,198**
Depreciation					
At 1 September 2016	10,776	10,050	4,831	-	25,657
Charge for the year	3,368	2,149	1,396	-	6,913
Disposal	-	-	(1,938)	-	(1,938)
At 1 September 2017	**14,144**	**12,199**	**4,289**	-	**30,632**
Charge for the year	**1,975**	**1,419**	**823**	-	**4,217**
At 31 August 2018	**16,119**	**13,618**	**5,112**	-	**34,849**
Carrying amount					
At 31 August 2018	**2,966**	**350**	**1,988**	**18,045**	**23,349**
At 31 August 2017	4,941	1,769	1,476	18,045	26,231

5. Property and equipment (continued)

Freehold land was revalued at its open market value of RO 9 million by an independent professional valuer as of 24 April 2017. The surplus 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:

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Cost	**462,796**	**-**	462,796	-

The revaluation surplus of RO 7,256,623, net of tax effect of RO 1,280,581 has been recognized in equity. The revaluation reserve is not available for distribution.

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.

			2018		2017	
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	Catering and cleaning	**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

	2018		2017	
	Group RO	**Parent Company RO**	Group RO Restated	Parent Company RO
Inventories	**160,334**	**-**	198,153	-

The inventories balance as at 31 August 2017 is net of RO 3,538, which represents inventories reclassified as held for sale (Note 29).

8. Trade and other receivables

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Fees receivables	2,887,470	107,649	6,203,509	107,649
Less: provision for doubtful debts	(1,284,874)	(107,649)	(1,254,488)	(89,286)
Net fees receivable	1,602,596	-	4,949,021	18,363
Prepayments	144,743	2,316	165,630	3,093
Due from employees	3,842	424	1,633	1,424
Due from related parties (Note 23)	-	2,282,498	-	1,988,342
Dividend receivable	-	1,863,728	-	1,610,834
Other receivables	56,790	-	52,289	31,156
	1,807,971	4,148,966	5,168,573	3,653,212
Advance to contractors and suppliers	1,346,259	-	1,342,906	-
Less: allowance for impaired debts	(503,800)	-	(503,800)	-
	842,459	-	839,106	-
	2,650,430	4,148,966	6,007,679	3,653,212

Movement in the provision for fees receivables were as follows:

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	1,254,488	89,286	1,217,121	99,927
Charge for the year	30,386	18,363	48,008	-
Written off during the year	-	-	(10,641)	(10,641)
At 31 August	1,284,874	107,649	1,254,488	89,286

9. Bank balances and cash

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Cash on hand	**34,033**	**500**	25,516	500
Bank balances	**3,287,169**	**31,888**	2,384,651	29,803
Bank Balances and cash	**3,321,202**	**32,388**	2,410,167	30,303
Banks overdrafts (note 16)	-	-	(12,351)	-
Cash and cash equivalents	**3,321,202**	**32,388**	2,397,816	30,303

10. Share capital

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Authorized share capital 2018 and 2017 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 2018 and 2017 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:

	2018		2017	
	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 106 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. During the current year, the Group has restated the opening balance of the legal reserve in order to reflect its share in the subsidiaries legal reserves (Note 33).

12. Deferred grants related to assets

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 September	**16,907,703**	-	17,374,708	-
Release to income during the year	**(467,005)**	-	(467,005)	-
At 31 August	**16,440,698**	-	16,907,703	-

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 government grant related to assets includes an amount of RO 75,000 received for the construction of a mosque. This mosque will be constructed at the time of construction of the adjacent university building.

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

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Term loan	**1,957,817**	-	2,885,055	-
Current portion	**(975,000)**	-	(1,325,000)	-
Long term portion	**982,817**	-	1,560,055	-

Term loan represents the first loan taken to complete the Phase I building and second loan for Phase II buildings. Both loans were obtained from Bank Sohar SAOG at an interest rate ranging between 5.5% to 6% per annum (2017: 5.5%) and is to be reviewed annually. The first loan is repayable in 2 equal semi-annual installments of RO 350,000 each. The second 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 Group's fixed and current assets, corporate guarantee and assignment of payment from Ministry of Higher Education.

13. Term loans (continued)

Maturity of the term loans

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Within one year	**975,000**	-	1,325,000	-
Between 1 and 2 years	**625,000**	-	975,000	-
Between 2 and 5 years	**357,817**	-	585,055	-
At 31 August	**1,957,817**	-	2,885,055	-

14. Taxation

In accordance with the Ministerial Decision No. 11/2008, the Group had obtained an income tax exemption certificate for five years for Sohar 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 (2017: at the rate of 12% on taxable profits in excess of RO 30,000).

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Statement of financial position				
Deferred tax liability	**1,440,820**	-	1,377,776	-
Provision for income tax	**445,093**	**38,017**	294,912	-
Statement of profit or loss and other comprehensive income				
Current income tax				
Current year	**328,648**	-	216,123	-
Prior year	**38,018**	**38,017**	-	-
Deferred tax	**63,044**	-	(60,687)	-
	429,710	**38,017**	155,436	-

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:

	2018		2017	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Profit before tax	**2,026,994**	**1,377,734**	1,453,878	1,164,893
Tax @ 15% (2017 : 12% after deducting the basic exemption of RO 30,000)	**304,049**	**206,660**	172,717	136,187
Tax effect on exempt income	**-**	**(211,165)**	-	(136,662)
Tax effect of items disallowed	**1,628**	**1,628**	-	-
Prior year tax	**38,018**	**38,017**	-	-
Tax on temporary differences	**86,016**	**2,877**	(17,281)	475
	429,710	**38,017**	155,436	-

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 and including 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 2018.

Subsidiaries
The income tax assessments for the Sohar University for tax years 2014 to 2017 have not yet finalized with the Secretariat General of Taxation at the Ministry of Finance.

The income tax assessments for Modern Catering Company LLC have been completed by the Secretariat General of Taxation at the Ministry of Finance up to and including 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 2018.

14. Taxation (continued)

Recognised deferred tax liability is attributable to the following item:

Group	At 1 September RO	Recognised in Other comprehensive income RO	Profit and loss RO	At 31 August RO
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)**
2017				
Revaluation surplus on land	(784,464)	(496,117)	-	(1,280,581)
Provision for debts and advances	150,500	-	99,849	250,349
Property and equipment	(308,382)	-	(39,162)	(347,544)
Net deferred tax liability	(942,346)	(496,117)	60,687	(1,377,776)

15. End of service benefits

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 September	**1,196,462**	**37,931**	1,047,784	39,141
Charge during the year	**253,034**	**6,274**	265,228	6,677
Transferred during the year	**-**	**(12,485)**	-	-
Paid during the year	**(120,663)**	**(15,410)**	(116,550)	(7,887)
At 31 August	**1,328,833**	**16,310**	1,196,462	37,931

16. Bank borrowings

Bank overdraft	-	-	12,351	-
Short term loans	-	-	3,000,000	-
	-	-	3,012,351	-

16. Bank borrowings (continued)

The Group has two short term funded facilities of overdraft and bill discounting from Bank Sohar. Bank Overdraft carries an interest rate ranging from 5.75% to 6% per annum (2017: 5.75%) and payable on demand. As at 31 August 2018 the unutilized limit is RO 750,000.

Bill discounting facility carries an interest rate ranging from 5.5% to 6% per annum (2017: 5.5%) and is payable within period of up to 180 days from the date of invoice. As at 31 August 2018 the unutilized limit RO 5,000,000. It is secured by the legal and commercial mortgage over Group's fixed and current assets, corporate guarantee and assignment of payment from Ministry of Higher Education.

17. Trade and other payables

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
Trade payables	**836,774**	**2,630**	763,399	4,450
Accrued expenses	**533,463**	**10,240**	343,874	10,690
Advance tuition fees	**417,662**	-	532,186	-
Provision for leave pay and passage	**230,384**	**8,275**	213,732	14,835
Research grant (see below)	**49,440**	-	68,761	-
Students' deposits	**134,143**	-	98,527	-
Retention payables	**1,094,384**	-	1,095,983	-
Due to related parties (note 23)	-	**217,582**	-	205,759
Other payables	**133,298**	**10,851**	180,740	-
	3,429,548	**249,578**	3,297,202	235,734

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

	2018		2017	
	Group RO	**Parent Company RO**	Group RO	Parent Company RO
At 1 September	**68,761**	-	90,881	-
Received during the year	**54,896**	-	51,433	-
Utilised during the year	**(74,217)**	-	(73,553)	-
At 31 August	**49,440**	-	68,761	-

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

	2018		2017	
	Group	Parent Company	Group	Parent Company
Net assets (RO)	18,938,844	10,299,848	18,216,560	9,835,131
Number of ordinary shares	70,000,000	70,000,000	70,000,000	70,000,000
Net assets per share (RO)	0.27	0.15	0.26	0.14

19. Other income

	2018		2017	
	Group RO	Parent Company RO	Group RO Restated	Parent Company RO
Students' accommodation	450,770	-	455,912	-
Students' transportation	42,956	-	93,347	-
Catering sales	-	-	295,401	-
Interest income	10,159	-	9,032	-
Dividend income from subsidiary	-	1,863,728	-	1,610,834
Other income	198,967	-	130,264	-
Less: other income from discontinued operations (Note 29)	-	-	(295,401)	-
	702,852	1,863,728	688,555	1,610,834

20. Salaries and related costs

	2018 Group RO	2018 Parent Company RO	2017 Group RO	2017 Parent Company RO
Salaries and allowances	6,828,397	230,704	6,667,139	280,653
Employee's bonus	176,460	5,565	168,563	6,171
Leave pay	661,802	6,518	598,881	1,016
Social security	372,474	12,489	357,469	13,556
End of service benefits (note 15)	253,034	6,274	265,228	6,677
Air passage	107,681	2,001	147,213	1,842
Other costs	258,937	6,705	269,094	11,852
Less: salaries and related cost of discontinued operations (Note 29)	-	-	(132,526)	-
	8,658,785	270,256	8,341,061	321,767

21. Administrative and other operating expenses

	2018		2017	
	Group RO	Parent Company RO	Group RO Restated	Parent Company RO
Students' transportation	34,994	-	89,572	-
Repairs and maintenance	490,528	500	269,651	-
Utilities	417,791	-	371,928	-
Rent	63,761	2,100	62,583	900
Teaching material	72,110	-	102,263	-
Scholarship	162,180	-	134,507	-
Cleaning expenses	60,256	-	61,651	-
Advertising and marketing	73,980	3,745	62,945	5,050
Communication	130,282	470	106,888	540
Entertainment	47,828	1,879	45,873	1,498
Travel allowances	84,678	18,157	69,594	2,170
Printing and stationery	44,012	1,158	47,292	2,695
Graduation expenses	51,410	-	47,789	-
Academic expenses	32,097	-	43,904	-
Summer school expenses	-	-	12,263	-
Insurance	20,545	3,290	11,755	323
In-house conferences	65,589	-	56,051	-
MSM membership	11,203	11,203	9,822	9,822
Allowance for impaired debts	30,386	18,363	48,008	-
Legal, consultancies and professional fees	268,018	75,808	238,744	25,371
Vehicle expenses and conveyance	25,703	103	32,637	1,247
Board of Directors and Audit Committee's sitting fees	51,000	51,000	64,100	64,100
Board of governance sitting fees	26,450	-	28,300	-
Continue education center expenses	59,308	-	70,019	-
Write-off of property and equipment	-	-	331,656	-
Miscellaneous expenses	68,716	23,642	69,655	3,422
Catering material	-	-	206,067	-
Corporate social responsibility	11,649	-	-	-
Less: administrative and other operating costs for discontinued operations (Note 29)	-	-	(217,054)	-
	2,404,474	211,418	2,478,463	117,138

22. Earnings per share

	2018		2017	
	Group RO	Parent Company RO	Group RO Restated	Parent Company RO
From continuing operations				
Profit for the year (RO)	1,597,284	1,339,717	1,381,796	1,164,893
Weighted average number of shares on issue	70,000,000	70,000,000	70,000,000	70,000,000
Earnings per share (RO)	0.023	0.019	0.020	0.017
From discontinued operations				
Profit for the year (RO)	-	-	(83,354)	-
Weighted average number of shares on issue	70,000,000	70,000,000	70,000,000	70,000,000
Earnings per share (RO)	-	-	(0.001)	-
Total earnings per share (RO)	0.023	0.019	0.019	0.017

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.

23. Related parties

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.

23. Related parties (continued)

At 31 August balances with related parties were as follows:

	Parent Company	
	2018	2017
	RO	RO
Due from related parties:		
Sohar University LLC	**2,282,498**	1,988,342
Due to a related party:		
Sohar Transportation and Maintenance and Services LLC	**150,000**	150,000
Modern Catering Company LLC	**67,582**	55,759
	217,582	205,759

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 August 2018, the Group has not recorded any impairment of amounts owed by related parties except for RO 9,167 which is fully impaired.

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

	2018		2017	
	Group	**Parent Company**	Group	Parent Company
	RO	**RO**	RO	RO
Rent	**25,400**	-	25,440	-
Dividend income	-	**1,863,728**	-	1,610,834
Expenses paid by others on behalf of Company	-	**441,678**	-	513,194
Sitting fees - Board of directors and audit committee	**51,000**	**51,000**	64,100	64,100

23. Related parties (continued)

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.

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Short term benefits	421,545	90,798	436,376	86,181
Staff retirement benefits	22,163	3,092	13,761	3,919
Sitting fees - Board of directors and other committees	51,000	51,000	64,100	64,100
Sitting fees - Board of Governance	26,450	-	28,300	-

24. Fiduciary activities

During the year the Group entered into two agreement 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	2018 RO	2017 RO
Funds under management	1,037,492	-

25. Contingencies and commitments

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Commitments				
Capital commitments for acquisition of property and equipment	423,588	-	556,684	7,955
Contingency				
Letter of guarantee	1,037,500	-	-	-

The Group is 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 Arbitration Committee and the next hearing has been scheduled to be held by the end of October 2018. 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 involve the counter claim by Sohar University of 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, extra expenses paid by the university because of contractor failure to meet the contract conditions etc. As of the reporting date, the Group is uncertain as to the final outcome of the arbitration.

Similarly the Group is also involved as a claimant and a defendant in a legal dispute against another contractor with reference to the construction work at Sohar University. The legal proceedings have been refused by Primary Court and Court of Appeal due to Arbitration clause in the agreement and referred to the Arbitration Committee but no hearing was held as of the yearend. The litigation involves the claim by this contractor of RO 0.29 million against the amount of the invoices of the completed work and the delay charges. It also involve the counter claim by Sohar University of not accepting any of the above claims and claiming RO 2.16 million for delay fine as per contract, extra expenses paid by the University because of contractor failure to meet the contract conditions etc. As of the reporting date, the Group is uncertain as to the final outcome of the hearing.

26. 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.

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.

26. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The Group establishes a provision for impairment that represents its estimate of potential losses in respect of trade and other receivables. The main components of this loss are a specific loss component that relates to individual exposures and a collective loss component established for similar assets in respect of any potential losses that may have been incurred but not yet identified. The collective loss provision is determined based on historical data of payment statistics for similar financial assets.

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

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Fees receivables	2,887,470	107,649	6,203,509	107,649
Due from related party	-	2,282,498	-	1,988,342
Dividend receivables	-	1,863,728	-	1,610,834
Other receivables	60,632	424	53,922	32,580
Bank balances	3,287,169	31,888	2,384,651	29,803
	6,235,271	4,286,187	8,642,082	3,769,208

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

	2018		2017	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Ministry of Higher Education	1,453,460	-	4,578,059	-
Others	1,434,010	107,649	1,625,450	107,649
	2,887,470	107,649	6,203,509	107,649

26. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

	2018		2017	
	Gross	Impairment	Gross	Impairment
Group	RO	RO	RO	RO
Past due from 1st academic semester	386,439	-	1,201,109	-
Past due from 2nd academic semester	1,104,956	-	3,591,567	-
Past due for summer academic semester	48,047	-	22,016	-
Past due more than 365 days	1,348,028	1,284,874	1,388,817	1,254,488
	2,887,470	1,284,874	6,203,509	1,254,488
Parent				
Past due more than 365 days	107,649	107,649	107,649	89,286

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.

26. 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	1 - 2 years RO	More than 2 years RO
2018					
Group					
Trade payables	836,774	836,774	836,774	-	-
Other payables	897,145	897,145	897,145	-	-
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
	4,004,459	**4,155,312**	**2,933,589**	**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**	-	-
2017					
Group					
Trade payables	763,399	763,399	763,399	-	-
Other payables	738,346	738,346	738,346	-	-
Term loan	2,885,055	3,096,024	1,451,261	1,036,106	608,657
Bank borrowings	3,012,351	3,012,351	3,012,351	-	-
Students' deposits	277,108	277,108	98,527	80,054	98,527
	7,676,259	7,887,228	6,063,884	1,116,160	707,184
Parent					
Trade payables	4,450	4,450	4,450	-	-
Other payables	25,525	25,525	25,525	-	-
Due to related parties	205,759	205,759	205,759	-	-
	235,734	235,734	235,734	-	-

26. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, 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 and other short term bank borrowings bearing interest rates as disclosed in note 13 and note 16. The management manages the interest rate risk by constantly monitoring the changes in interest rate.

27. Capital management

The Group's objectives when managing capital are 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 1974, as amended.

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

28. 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 2018 and 2017) and no other segments are significant.

29. Assets held for sale - discontinued operations

During 2017 the Board of Directors of the Group had decided to sell the catering business line of Modern Catering Company LLC (the "subsidiary"), vide the Board of Directors resolution dated 21 June 2017, from 31 August 2017, and consequently the assets relating to catering business line were classified as held for sale at 31 August 2017, in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". During the current year, these assets were sold. The following table shows assets classified as held for sale:

	2018 RO	2017 RO Restated
Assets classified as held for sale		
Property and equipment	-	60,041
Inventory	-	3,538
Total assets classified as held for sale	-	63,579

In view of the Board of Directors decisions as discussed above in detail, the operations of catering business have been classified as discontinued operations. The Company has presented the income for such discontinued operations in a single line in the statement of profit or loss and other comprehensive income. This amount represents net loss from the business.

Loss for the year from discontinued operations

The results of the discontinued operations included in the profit and loss for the year are set out below :

	2018 RO	2017 RO Restated
Other income	-	295,401
Expenses		
Salaries and related costs	-	(132,526)
Administrative and other operating expenses	-	(217,054)
Depreciation of property and equipment	-	(29,175)
Total expenses	-	(378,755)
Loss for the year from discontinued operations	-	(83,354)

29. Assets held for sale - discontinued operations (continued)

Cash flow attributable to discontinued operations

	2018 RO	2017 RO Restated
Net cash outflows from operating activities	-	(114,421)
Net cash inflow / (outflows) from investing activities	63,579	(9,084)
Net cash inflows / (outflow)	**63,579**	(123,505)

30. Reconciliation of liabilities arising from the financing activities

The table below details 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
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**
2017				
Term loans	4,050,422	(1,165,367)	-	2,885,055
Bank borrowings	752,008	2,260,343	-	3,012,351
	4,802,430	1,094,976	-	5,897,406

31. Proposed distribution

The Board of Directors has proposed a cash dividend of 15% (2017 – 12.5%) for the year 2018, which is subject to the shareholders' approval in the forthcoming Annual General Meeting.

32. Corresponding figures

Certain corresponding figures have been reclassified wherever necessary to confirm to the presentation adopted in the current year. Such reclassifications do not impact the Company's previous year reported profit or equity.

33. Prior years' adjustments

During the year, the management restated the opening balance of the legal reserve and retaining earnings in the consolidated financial statements, in order to reflect the Group's share in subsidiaries legal reserve. Therefore, the below amounts were reclassified from retained earnings to legal reserve.

	2017 RO Debit / (credit)	2016 RO Debit / (credit)
Consolidated statement of financial position:		
Legal reserve	(165,626)	(900,402)
Retained earnings	165,626	900,402

Further, during the year the management identified that the Group decided to discontinue the catering business by the end of 2017; and was therefore required to present the assets, liabilities and profit or loss from the discontinued operations in accordance with IFRS – 5 "Non-current assets held for sale and discontinued operation". Accordingly, the last year is restated to comply with the disclosure requirement of IFRS - 5. The detailed adjustments are disclosed in note 29 above along with adjustments in notes 5, 7, 19, 20 and 21. Since the restatement only relates to the year ended 31 August 2017 and later therefore the third column was not presented in notes to the consolidated financial statements for this adjustment.

34. Approval of financial statements

The financial statements were approved by the shareholders and authorized for issue on 24 October 2018.