

**OMAN EDUCATION AND TRAINING
INVESTMENT COMPANY SAOG**

**Consolidated and separate
Financial statements
For the year ended 31 August 2021**

OMAN EDUCATION AND TRAINING INVESTMENT COMPANY SAOG

Consolidated and separate financial statements for the year ended 31 August 2021

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

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oman Education and Training Investment Company SAOG ("the Parent Company") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statement of financial position as at 31 August 2021, the consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at 31 August 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Taxation

We draw attention to note 15 in the consolidated financial statements, which describes that the subsidiary received the tax demand notice on 16 September 2020, wherein the Tax Authority claimed an amount of RO 2.64 million primarily towards tax on the Government grant received during the years 2010 to 2015. Management is of the view that the grant was received from the Government towards the construction of the University building and, being a receipt towards capital expenditure, is not subject to tax. Further, in accordance with the Income Tax Law, the grant is reduced from the cost of the building on which depreciation is charged for tax purposes.

Management has filed an appeal against the above tax demand on 10 January 2021 and believes that the matter will be decided in their favour.

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

Emphasis of Matter (continued)

Contingencies

We also draw attention to note 26 in the consolidated financial statements, which describes that, a legal case has been filed against the subsidiary by the Contractor in the year 2016, claiming RO 4.21 million against the remaining unpaid balance for the main work, additional work, late payment losses and cancelled materials and RO 5.6 million as compensation for the hardship faced by the Contractor.

Management of the subsidiary has counter claimed against the Contractor by not accepting any of the above claims and claiming RO 5.54 million for delays, losses due to poor implementation and non-conformity with the project requirements, delay fine based on the contract, material costs and extra expenses incurred by the subsidiary due to the Contractor's failure to meet the terms of the contract. The matter was referred to the Arbitrator during the year 2020.

On 4 February 2021, the Arbitrator rejected the claim filed by the Contractor against the subsidiary and also rejected the counter claim of the subsidiary against the Contractor. The Contractor appealed against the decision of Arbitrator on 27 May 2021, which was rejected by the Appeals Court on 1 July 2021. The Contractor appealed against the decision in the Supreme Court on 9 August 2021. Based on the legal advice, management believes that the Supreme Court is also likely to reject the appeal filed by the Contractor.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Impairment of Fees Receivable

Fees receivable, net of provision for expected credit losses, amounted to RO 1.10 million as at 31 August 2021. The determination as to whether fees receivable are collectible involves significant management judgment. Specific factors that management considers include the ageing, credit risk, existence of disputes, historical payment patterns and any other available information concerning the creditworthiness of the counterparty. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for the overall balance.

Our audit procedures, amongst others, included:

- testing the design and operating effectiveness of selected controls over the establishment of impairment provision against the expected credit losses;
- assessing the reasonableness of assumptions made in determining the level of impairment provision established for each category of aged debt;
- testing the accuracy of the aging of trade receivables on a sample basis;
- comparing the amounts received subsequent to the year-end against outstanding customer balances on a sample basis;

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

Key Audit Matters (continued)

Impairment of Fees Receivable (continued)

- assessing the historical accuracy of impairment loss recognised by examining the utilisation or release of previously recorded impairment allowance; and
- assessing the adequacy of disclosures in respect of credit risk.

Other Information

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

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

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

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those Charged With Governance are responsible for overseeing the Group's and Parent Company's financial reporting process.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

We communicate with Those Charged With Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

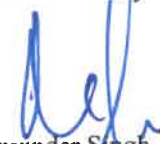
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report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

Report on Other Legal and Regulatory Requirements

We report that the consolidated and separate financial statements as at, and for the year ended, 31 August 2021, in all material respects, comply with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman and the Rules and Guidelines on Disclosures issued by the Capital Market Authority.


Muscat
28 October 2021




Manvinder Singh
Partner
M. NO. 400961
ICAI, India

Oman Education and Training Investment Company SAOG
Consolidated and separate statement of financial position
as at 31 August 2021

	Notes	Group 2021 RO	Parent Company 2021 RO	Group 2020 RO	Parent Company 2020 RO
ASSETS					
Non-current assets					
Property and equipment	5	32,447,024	1,314	33,689,226	26,766
Right-of-use asset	6	152,805	-	166,074	-
Investment in subsidiaries	7	-	6,399,050	-	6,399,050
Total non-current assets		32,599,829	6,400,364	33,855,300	6,425,816
Current assets					
Inventories	8	18,682	-	74,773	-
Due from subsidiaries	24	-	5,513,190	-	3,841,472
Trade and other receivables	9	1,637,498	2,109	4,936,199	2,298
Cash and bank balances	10	6,455,860	4,520	3,074,152	5,208
Total current assets		8,112,040	5,519,819	8,085,124	3,848,978
Total assets		40,711,869	11,920,183	41,940,424	10,274,794
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	7,000,000	7,000,000	7,000,000	7,000,000
Legal reserve	12	3,829,355	1,890,786	3,281,615	1,667,333
Property revaluation reserve	5	5,301,623	-	5,301,623	-
Retained earnings		2,434,233	2,553,048	1,364,008	1,381,976
Total equity		18,565,211	11,443,834	16,947,246	10,049,309
LIABILITIES					
Non-current liabilities					
Deferred grant related to assets	13	14,484,325	-	14,956,657	-
Deferred tax liability	15	1,177,904	-	1,141,083	-
Lease liabilities	6	144,570	-	154,556	-
End-of-service benefits	16	1,118,985	27,203	1,372,104	22,588
Students' deposits	17	206,035	-	211,754	-
Total non-current liabilities		17,131,819	27,203	17,836,154	22,588
Current liabilities					
Deferred grant related to assets	13	472,332	-	472,332	-
Bank borrowings	14	-	-	3,428,341	-
Lease liabilities	6	9,889	-	9,238	-
Due to subsidiaries	24	-	95,193	-	172,297
Trade and other payables	17	3,607,425	353,953	2,586,624	30,600
Income tax payable	15	925,193	-	660,489	-
Total current liabilities		5,014,839	449,146	7,157,024	202,897
Total liabilities		22,146,658	476,349	24,993,178	225,485
Total equity and liabilities		40,711,869	11,920,183	41,940,424	10,274,794
Net assets per share	18	0.268	0.163	0.242	0.144

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 25 October 2021 and were signed on their behalf by:

			
Hassan Ihsan Naseeb Al Nasib Chairman of the Board of Directors	Ismail Ahmed Ibrahim Al Balushi Audit Committee Chairman	CEO Executive Officer	Financial Controller

The notes on pages 11 to 47 form an integral part of these consolidated and separate financial statements. Independent auditors' report is set forth on pages 1-5.

Oman Education and Training Investment Company SAOG

Consolidated and separate statement of profit or loss and other comprehensive income for the year ended 31 August 2021

	Notes	Group 2021 RO	Parent Company 2021 RO	Group 2020 RO	Parent Company 2020 RO
Income					
Tuition fees	19	14,134,039	-	12,555,044	-
Dividend income from subsidiaries	7	-	2,933,000	-	1,380,276
Other income	20	115,046	700	582,089	-
Total income		14,249,085	2,933,700	13,137,133	1,380,276
Expenses					
Salaries and other related staff costs	21	(8,563,907)	(271,889)	(8,853,935)	(295,125)
Administrative and other operating expenses	22	(1,594,031)	(401,656)	(1,593,375)	(92,428)
Depreciation of property and equipment	5	(1,160,531)	(1,264)	(1,429,395)	(1,435)
Impairment of property and equipment	5	(239,302)	(24,366)	-	-
Release of deferred grant related to assets	13	472,332	-	469,704	-
Reversal of expected credit losses of trade on receivables	9	-	-	113,054	-
Amortisation of right-of-use asset	6	(13,269)	-	(13,269)	-
Total expenses		(11,098,708)	(699,175)	(11,307,216)	(388,988)
Profit for the year from operations		3,150,377	2,234,525	1,829,917	991,288
Finance costs	14	(96,837)	-	(148,334)	-
Finance income	14	23,395	-	9,658	-
Profit before tax for the year		3,076,935	2,234,525	1,691,241	991,288
Income tax	15	(618,970)	-	(559,128)	-
Net profit after tax and total comprehensive income for the year		2,457,965	2,234,525	1,132,113	991,288
Earnings per share	23	0.035	0.032	0.016	0.014

The notes on pages 11 to 47 form an integral part of these consolidated and separate financial statements.

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

Oman Education and Training Investment Company SAOG

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Consolidated statement of changes in shareholders' equity for the year ended 31 August 2021

Group	Share capital RO	Legal reserve RO	Property revaluation reserve RO	Retained earnings RO	Total equity RO
At 1 September 2019	7,000,000	3,023,633	5,301,623	979,877	16,305,133
Transfer to legal reserve	-	257,982	-	(257,982)	-
<i>Total comprehensive income</i>	-	-	-	1,132,113	1,132,113
Net profit after tax for the year	-	-	-	-	-
<i>Transactions with shareholders directly recorded in equity</i>	-	-	-	(490,000)	(490,000)
Dividend paid (note 31)	-	-	-	-	-
At 1 September 2020	7,000,000	3,281,615	5,301,623	1,364,008	16,947,246
Transfer to legal reserve	-	547,740	-	(547,740)	-
<i>Total comprehensive income</i>	-	-	-	2,457,965	2,457,965
Net profit after tax for the year	-	-	-	-	-
<i>Transactions with shareholders directly recorded in equity</i>	-	-	-	(840,000)	(840,000)
Dividend paid (note 31)	-	-	-	-	-
At 31 August 2021	7,000,000	3,829,355	5,301,623	2,434,233	18,565,211

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

Oman Education and Training Investment Company SAOG

Separate statement of changes in shareholders' equity for the year ended 31 August 2021

Parent Company

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
At 1 September 2019	7,000,000	1,568,204	979,817	9,548,021
Transfer to legal reserve	-	99,129	(99,129)	-
<i>Total comprehensive income</i>				
Net profit after tax for the year	-	-	991,288	991,288
<i>Transactions with shareholders directly recorded in equity</i>				
Dividend paid (note 31)	-	-	(490,000)	(490,000)
	<u>7,000,000</u>	<u>1,667,333</u>	<u>1,381,976</u>	<u>10,049,309</u>
At 1 September 2020	7,000,000	1,667,333	1,381,976	10,049,309
Transfer to legal reserve	-	223,453	(223,453)	-
<i>Total comprehensive income</i>				
Net profit after tax for the year	-	-	2,234,525	2,234,525
<i>Transactions with shareholders directly recorded in equity</i>				
Dividend paid (note 31)	-	-	(840,000)	(840,000)
	<u>7,000,000</u>	<u>1,890,786</u>	<u>2,553,048</u>	<u>11,443,834</u>
At 31 August 2021	<u><u>7,000,000</u></u>	<u><u>1,890,786</u></u>	<u><u>2,553,048</u></u>	<u><u>11,443,834</u></u>

The notes on pages 11 to 47 form an integral part of these consolidated and separate financial statements.

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

Oman Education and Training Investment Company SAOG

Consolidated and separate statement of cash flows for the year ended 31 August 2021

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Operating activities				
Net profit before tax for the year	3,076,935	2,234,525	1,691,241	991,288
Adjustments for:				
Depreciation of property and equipment	1,160,531	1,264	1,429,395	1,435
Amortisation of right-of-use asset	13,269	-	13,269	-
Provision for end-of-service benefits	168,235	4,615	265,218	4,807
Interest income	(23,395)	-	(9,658)	-
Finance costs	96,837	-	148,334	-
Gain on disposal of property and equipment	(1,731)	-	(14,043)	-
Release of deferred grant related to assets	(472,332)	-	(469,704)	-
Impairment of property and equipment	239,302	24,366	-	-
Reversal of expected credit losses of trade receivables	-	-	(113,054)	-
Dividend income	-	(2,933,000)	-	(1,380,276)
Operating cash flows before working capital changes	4,257,651	(668,230)	2,940,998	(382,746)
Changes in working capital:				
Inventories	56,091	-	56,386	-
Due from subsidiaries	-	(118,994)	-	294,904
Trade and other receivables	3,298,701	189	(2,194,557)	(569)
Students' deposits	(5,719)	-	15,380	-
Due to subsidiaries	-	(77,104)	-	(51,971)
Trade and other payables	1,020,801	323,353	(1,238,107)	(730)
Cash generated from / (used in) operating activities	8,627,525	(540,786)	(419,900)	(186,112)
Income tax paid	(317,445)	-	(64,623)	-
End-of-service benefits paid	(421,354)	-	(277,206)	(2,822)
Net cash generated from / (used in) operating activities	7,888,726	(540,786)	(761,729)	(188,934)
Investing activities				
Purchase of property and equipment	(158,400)	(178)	(358,049)	(515)
Interest income received	23,395	-	9,658	-
Proceeds from disposal of property and equipment	2,500	-	15,159	-
Dividend received	-	1,380,276	-	657,543
Receipt of grant	-	-	4,083	-
Net cash (used in)/ from investing activities	(132,505)	1,380,098	(329,149)	657,028
Financing activities				
Bank borrowings received	-	-	3,000,000	-
Repayment of term loan	(3,428,341)	-	(625,000)	-
Repayment of lease liabilities- principal	(9,335)	-	(8,591)	-
Finance costs paid	(96,837)	-	(148,334)	-
Dividend paid	(840,000)	(840,000)	(490,000)	(490,000)
Net cash (used in)/ from financing activities	(4,374,513)	(840,000)	1,728,075	(490,000)
Change in cash and cash equivalents	3,381,708	(688)	637,197	(21,906)
Cash and cash equivalents at the beginning of the year	3,074,152	5,208	2,436,955	27,114
Cash and cash equivalents at the end of the year (note 10)	6,455,860	4,520	3,074,152	5,208

The notes on pages 11 to 47 form an integral part of these consolidated and separate financial statements.

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021

1 Legal status and principal activities

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

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

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

The subsidiaries controlled by the Parent Company are as follows:

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

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

2 Basis of preparation

Statement of compliance

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

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

Basis of measurement

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

Functional currency

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

3 New and revised International Financial Reporting Standards (IFRS)

Standards, amendments and interpretations effective and adopted in the year 2020-21

The following new standards, amendments to existing standards or interpretations to published standards are mandatory for the first time for the financial year beginning on or after 1 January 2020 and have been adopted in the preparation of the consolidated and separate financial statements:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IFRS 3	Business Combinations: Definition of a Business	1 January 2020
Amendments to IFRS 16	Leases: COVID-19 Related Rent Concessions	1 June 2020

Definition of a Business (Amendments to IFRS 3)

Amendments to IFRS 3 are mandatorily effective for reporting periods beginning on or after 1 January 2020. The Group and the Parent Company has applied the revised definition of a business for acquisitions occurring on or after 1 September 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business “Combinations”. The amendments do not permit the Group and the Parent Company to reassess whether acquisitions occurring prior to 1 September 2020 met the revised definition of a business. This amendment had no impact on the consolidated and separate financial statements of the Group and the Parent Company, as there were no acquisitions during the year.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria.

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

This amendment had no impact on the consolidated and separate financial statements of the Group and the Parent Company, as there were no rent concessions received during the year.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

3 New and revised International Financial Reporting Standards (IFRS) (continued)

Standards, amendments and interpretations issued but not yet effective in the year 2020-21

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IFRS 4, 7, 9 and 16	Interest Rate Benchmark Reform	1 January 2021
Amendments to IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2021
Amendments to IFRS 1, 9, 16 and IAS 41	Annual Improvements to IFRS 2018 to 2020	1 January 2022
Amendments to IFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to IAS 1 and 8	Disclosure Initiative: Definition of Material	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

The Group and the Parent Company does not expect these amendments and standards issued by IASB, but not effective, to have material impact on the consolidated and separate financial statements of the Group and the Parent Company.

4 Summary of significant accounting policies

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

Basis of consolidation

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

Subsidiaries

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

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.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent Company. The cost of an acquisition is measured 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 profit or loss.

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

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

Transaction eliminated on consolidation

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

Non-controlling interests

For business combinations completed prior to 1 January 2010, the Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 January 2010, the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the Parent Company and to the non-controlling interests in proportion to their relative ownership interests.

Financial assets and financial liabilities

Recognition and initial measurement

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Classification

Financial assets

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

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

Financial assets measured at amortised cost

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

- The asset is held within business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets measured at fair value through other comprehensive income

Debt instruments

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

- The asset is held within business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Equity instruments

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial assets measured at fair value through profit or loss

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

Business model assessment

Business model available under IFRS 9 are:

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

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

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

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

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

Financial liabilities

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

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Modifications of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

Derecognition

Financial assets

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

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Derecognition (continued)

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

Financial liabilities

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

Offsetting

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

Impairment of financial assets

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Financial assets and financial liabilities (continued)

Impairment of financial assets (continued)

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

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

The Group and the Parent Company uses historical loss experience and derived loss rates based on the past 5 years and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

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

Identification and measurement of impairment of financial assets

Assets carried at amortised cost

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Property and equipment

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

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

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

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

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

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

Revaluation surplus

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

Capital work-in-progress

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

Impairment of non-financial assets

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

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

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

Leases

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

Inventories

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

Deferred grant related to assets

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

End-of-service benefits

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

End-of-service benefits (continued)

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

Provisions

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

Taxation

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

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

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

Borrowing costs

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

Revenue recognition

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

Interest income

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Foreign currencies

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

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

Cash and cash equivalents

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

Directors' remuneration

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

Equity

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

Dividends

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

Fiduciary assets

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment in the year ended 31 August 2021, are included in the following notes:

Key sources of estimation uncertainty

Allowance for impaired fees' receivables

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

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

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

Revaluation of freehold land

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

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

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

Useful lives of property and equipment

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

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

Allowance for slow-moving and obsolete inventories

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

Estimation of fair value of financial instruments

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

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

Contingencies

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

Going concern

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

Taxation

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

4 Summary of significant accounting policies (continued)

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

Impairment reviews

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

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

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

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

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

As the COVID-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of economic impact as of now. The effects of COVID-19 due to government imposed closure was limited for the Group and the Parent Company, because of the following.

- (a) The University has already entered into a long-term agreement with the Ministry of Higher Education (MHE) for the provision of education to students who join from the from quota allocated to the University by MHE and expects that there will not be material impact on the new intake of students, being essential services; and
- (b) Private students' new intake was also in line with the previous years and there is no delay or restrictions expected in the new academic session.

Oman Education and Training Investment Company SAOG

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Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (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	Porta-cabins RO	Others RO	Capital work-in-progress RO	Total RO
Cost / fair value										
At 1 September 2019	6,700,000	30,990,965	3,369,310	253,166	289,683	2,042,981	658,749	1,517,621	1,848,057	47,670,532
Additions	-	-	66,009	24,500	18,004	38,357	-	16,319	7,477	170,666
Disposals	-	-	(117,826)	(5,750)	-	(131,026)	-	(9,849)	-	(264,451)
Transfers	-	368,370	4,335	-	-	-	-	-	(372,705)	-
At 1 September 2020	6,700,000	31,359,335	3,321,828	271,916	307,687	1,950,312	658,749	1,524,091	1,482,829	47,576,747
Additions	-	22,101	17,409	-	15,670	79,635	-	9,159	14,426	158,400
Disposals	-	-	(135,102)	-	-	(15,378)	(11,073)	(39,948)	-	(201,501)
Impairment	-	-	-	-	-	-	-	-	(239,302)	(239,302)
Transfers	-	90,260	-	-	-	-	-	-	(90,260)	-
At 31 August 2021	6,700,000	31,471,696	3,204,135	271,916	323,357	2,014,569	647,676	1,493,302	1,167,693	47,294,344
Accumulated depreciation										
At 1 September 2019	-	6,095,950	2,893,154	212,384	245,073	1,676,932	221,823	1,376,145	-	12,721,461
Charge for the year	-	779,450	302,703	12,282	16,650	179,438	89,891	48,981	-	1,429,395
Disposals	-	-	(117,584)	(5,750)	-	(130,486)	-	(9,515)	-	(263,335)
At 1 September 2020	-	6,875,400	3,078,273	218,916	261,723	1,725,884	311,714	1,415,611	-	13,887,521
Charge for the year	-	785,533	98,630	15,737	15,363	111,809	89,645	43,814	-	1,160,531
Disposals	-	-	(134,554)	-	-	(15,207)	(11,070)	(39,901)	-	(200,732)
At 31 August 2021	-	7,660,933	3,042,349	234,653	277,086	1,822,486	390,289	1,419,524	-	14,847,320
Carrying amount										
At 31 August 2021	6,700,000	23,810,763	161,786	37,263	46,271	192,083	257,387	73,778	1,167,693	32,447,024
At 31 August 2020	6,700,000	24,483,935	243,555	53,000	45,964	224,428	347,035	108,480	1,482,829	33,689,226

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (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 2019	19,085	13,968	7,100	24,366	64,519
Additions	-	-	515	-	515
At 1 September 2020	19,085	13,968	7,615	24,366	65,034
Additions	-	-	178	-	178
Impairment	-	-	-	(24,366)	(24,366)
At 31 August 2021	19,085	13,968	7,793	-	40,846
Accumulated depreciation					
At 1 September 2019	17,037	13,968	5,828	-	36,833
Charge for the year	891	-	544	-	1,435
At 1 September 2020	17,928	13,968	6,372	-	38,268
Charge for the year	708	-	556	-	1,264
At 31 August 2021	18,636	13,968	6,928	-	39,532
Carrying amount					
At 31 August 2021	449	-	865	-	1,314
At 31 August 2020	1,157	-	1,243	24,366	26,766

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

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

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

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Cost	462,796	-	462,796	-

Work-in-progress represents cost incurred on the construction of sports complex and commercial centre inside the University in the years 2013 to 2015. During the year, Management has impaired capital-work-in progress to the extent of RO 239,302 for the Group and RO 24,366 for the Parent Company.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

6. Right-of-use asset and lease liabilities

a) Right-of-use asset

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	166,074	-	179,343	-
Amortisation charge	(13,269)	-	(13,269)	-
At 31 August	152,805	-	166,074	-

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

b) Lease liabilities

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	163,794	-	172,385	-
Interest on lease liabilities	9,134	-	9,781	-
Paid during the year	(18,469)	-	(18,372)	-
At 31 August	154,459	-	163,794	-
Comprise of:				
Current portion	9,889	-	9,238	-
Non-current portion	144,570	-	154,556	-
At 31 August	154,459	-	163,794	-

7. Investment in subsidiaries

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

	Country of Incorporation	Principal activity	2021		2020	
			Proportion held* %	Carrying value RO	Proportion held %	Carrying value RO
Subsidiary companies						
Sohar University LLC	Sultanate of Oman	Education	99.99	5,999,400	99.99	5,999,400
Modern Catering Co. LLC	Sultanate of Oman	Cleaning and maintenance	99.90	249,750	99.90	249,750
Intaj Sohar for Manufacturing and Trade Services LLC	Sultanate of Oman	Vocational Training	99.93	149,900	99.93	149,900
				6,399,050		6,399,050

*The remaining shareholding is held by other subsidiaries, and, hence there is no non-controlling interest at the reporting date. During the year, Sohar University LLC declared interim dividend of RO 2,870,000 (2020: RO 1,281,478) and Modern Catering Company LLC declared interim dividend of RO 63,000 (2020: RO 98,798) which has been recognized in profit or loss by the Parent Company.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

8. Inventories

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Books	15,217	-	17,336	-
Spare parts and maintenance items	3,465	-	57,437	-
	18,682	-	74,773	-

9. Trade and other receivables

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Fees receivable (gross)	1,834,233	107,649	5,097,288	107,649
Less: provision for expected credit losses	(732,139)	(107,649)	(732,139)	(107,649)
Fee receivables (net)	1,102,094	-	4,365,149	-
Prepayments	74,298	2,109	91,080	2,298
Due from employees	256	-	-	-
Other receivables	2,646	-	21,766	-
	1,179,294	2,109	4,477,995	2,298
Advances to contractors and suppliers	962,004	-	962,004	-
Less: allowance for impaired advances	(503,800)	-	(503,800)	-
	458,204	-	458,204	-
	1,637,498	2,109	4,936,199	2,298

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

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	732,139	107,649	845,193	107,649
Reversed during the year	-	-	(113,054)	-
At 31 August	732,139	107,649	732,139	107,649

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

10. Cash and bank balances

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Cash on hand	10,800	500	11,867	500
Current account balances with banks	1,085,965	4,020	789,684	4,708
Call deposits with banks	5,350,128	-	2,272,601	-
Cash margin	8,967	-	-	-
Cash and cash equivalents	6,455,860	4,520	3,074,152	5,208

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

Call deposits are placed with a national bank in the Sultanate of Oman, which earn an interest rate of 0.5% (2020: 0.5%) per annum, paid monthly in arrears.

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

11. Share capital

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

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

	2021		2020	
	RO	%	RO	%
Global Financial Investments Holding SAOG	2,637,666	37.68	2,637,666	37.68

12. Legal reserve

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

13. Deferred grant related to assets

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Government grants				
At 1 September	15,428,989	-	15,898,693	-
Released to profit or loss during the year	(472,332)	-	(469,704)	-
At 31 August	14,956,657	-	15,428,989	-
Other				
At 1 September	-	-	183,300	-
Adjusted against cost of asset	-	-	(183,300)	-
	-	-	-	-
Total at 31 August	14,956,657	-	15,428,989	-
Less: current portion	(472,332)	-	(472,332)	-
Non-current portion	14,484,325	-	14,956,657	-

According to the Board of Higher Education's decision No. 3/2003 dated 3 March 2003, the subsidiary was granted a Government subsidy of RO 1,407,500 towards financing part of the buildings and other installation costs which are required for the subsidiary. At the reporting date, the un-amortised amount of the grant is RO 209,094.

According to the Ministry of Higher Education letter No. 807/2007 dated 6 November 2007, the subsidiary has been granted a conditional Government grant related to assets amounting to RO 1,592,500. At the reporting date the un-amortised amount of the grant is RO 911,393.

According to the Royal Decree issued by His Majesty and the Board of Higher Education letter No. 55/2/3/2007 dated 24 January 2007, the subsidiary was granted a conditional Government grant of RO 17,000,000 towards the infrastructure, buildings, laboratories and main educational halls. At the reporting date, the un-amortised amount of the grant is RO 13,836,170.

14. Bank borrowings

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Term loan	-	-	428,341	-
Bills discounted	-	-	3,000,000	-
	-	-	3,428,341	-

Term loan of RO 4.4 million was obtained by one of the subsidiaries to complete the Phase II buildings in prior years. The loan was obtained from Bank Sohar SAOG at an interest rate ranging between 5.5% and 6% per annum and was repayable in equal semi-annual installments of RO 312,500 each.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

14. Bank borrowings (continued)

Bills discounted represent the credit facility obtained by the subsidiary for meeting the working capital requirements of the University. The facility was obtained from Bank Sohar SAOG at an interest rate ranging between 5.5% and 6% (2020: 5.5% and 6%) per annum.

The above loans were secured against the legal and commercial mortgage over the University's assets, corporate guarantee and assignment of payment from the Ministry of Higher Education. During the year, the subsidiary has fully repaid the term loan and bill discounted facility to Bank Sohar SAOG.

14.1 Finance costs

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Interest on bank borrowings	87,703	-	138,553	-
Interest on lease liabilities	9,134	-	9,781	-
At 31 August	96,837	-	148,334	-

14.2 Finance income

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Interest on call deposits (note 10)	23,395	-	9,658	-

15. Taxation

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

The Group provides for income tax in accordance with the Income Tax Laws of the Sultanate of Oman at the rate of 15% of the taxable profits (2020: 15%).

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Statement of financial position				
Deferred tax liability	1,177,904	-	1,141,083	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

15. Taxation (continued)

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company* RO
Statement of financial position				
Income tax payable				
At 1 September	660,489	-	143,553	-
Charge for the year	582,149	-	581,559	-
Less: income tax paid	(317,445)	-	(64,623)	-
Income tax payable	925,193	-	660,489	-

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Statement of profit or loss				
Current income tax				
Current year	582,149	-	300,113	-
Prior year	-	-	281,446	-
Deferred tax	36,821	-	(22,431)	-
	618,970	-	559,128	-

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:

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Net profit before tax for the year	3,076,935	2,234,525	1,691,241	991,288
Tax at the rate of 15%	461,540	335,179	253,686	148,693
Tax effect on exempt income	-	(335,179)	-	(148,693)
Tax effect of items disallowed	120,609	-	52,469	-
Tax on temporary differences	-	-	(6,042)	-
	582,149	-	300,113	-

Status of assessments

Parent Company

The assessments of the Parent Company have been completed by the Tax Authority up to the tax year 2018. The management of the Parent Company believes that any additional taxes that may arise on completion of the tax assessments for the open tax years will not be significant to the Parent Company's results and financial position as at 31 August 2021.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

15. Taxation (continued)

Status of assessments (continued)

Subsidiaries

The income tax assessments of the subsidiary- Sohar University LLC have been completed by the Tax Authority up to the tax year 2016.

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

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

The University had filed an objection against the decision of the Tax Authority. During the year 2020, the Tax Authority accepted the objection relating to the transfer of exemption from the Parent Company to the University for the years 2009 to 2013.

The University received the tax demand notice on 16 September 2020, wherein the Tax Authority claimed an amount of RO 2.64 million primarily towards tax on the Government grant received by the University during the years 2010 to 2015 as a support by the Government to build the infrastructure within the University.

Management is of the view that the grant was received from the Government towards the construction of the University building and being a receipt towards capital expenditure, is not subject to tax. Further, in accordance with the Income Tax Law, the grant is reduced from the cost of the building on which depreciation is charged for tax purposes.

After receipt of above tax demand, the subsidiary had to issue post-dated cheques of RO 2.64 million to the Tax Authority based on the payment plan agreed with the Tax Authority. The substantial amount is payable in last installment which is due on 1 September 2022. Management has filed an appeal against the above tax demand on 10 January 2021 and believes that the matter will be decided in their favour.

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

The management believes that any additional taxes that may arise on completion of the tax assessments for the open tax years of the subsidiaries will not be significant to the consolidated results and financial position as at 31 August 2021.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

15. Taxation (continued)

Recognised deferred tax liabilities are attributable to the following item:

Group	At 1 September RO	Recognised in		At 31 August RO
		Profit or loss RO	Other comprehensive income RO	
2021				
Revaluation surplus on freehold land	(935,581)	-	-	(935,581)
Provision for expected credit losses on fees receivable and advances	169,243	-	-	169,243
Right-of-use asset	(342)	590	-	248
Property and equipment	(374,403)	(37,411)	-	(411,814)
Net deferred tax liability	(1,141,083)	(36,821)	-	1,177,904
2020				
Revaluation surplus on freehold land	(935,581)	-	-	(935,581)
Provision for expected credit losses on fees receivable and advances	186,202	(16,959)	-	169,243
Right-of-use asset	-	(342)	-	(342)
Property and equipment	(414,135)	39,732	-	(374,403)
Net deferred tax liability	(1,163,514)	22,431	-	(1,141,083)

16. End-of-service benefits

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	1,372,104	22,588	1,384,092	20,603
Charge for the year (note 21)	168,235	4,615	265,218	4,807
Paid during the year	(421,354)	-	(277,206)	(2,822)
At 31 August	1,118,985	27,203	1,372,104	22,588

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

17. Trade and other payables

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Trade payables	172,375	-	279,358	-
Accrued expenses	684,903	23,369	499,129	10,480
Advance tuition fees	990,413	-	175,290	-
Provision for leave salary and air passage	125,811	21,189	135,889	10,724
Students' deposits (note 17.1)	105,448	-	119,871	-
Research grant (note 17.2)	144,676	-	188,452	-
Retentions payable	974,887	-	985,658	-
Directors' remuneration	300,000	300,000	-	-
Other payables	108,912	9,395	202,977	9,396
	3,607,425	353,953	2,586,624	30,600

17.1 Students' deposits

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Total deposits	311,483	-	331,625	-
Less: current portion	(105,448)	-	(119,871)	-
At 31 August	206,035	-	211,754	-

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

17.2 Research grant

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

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
At 1 September	188,452	-	127,639	-
Received during the year	74,773	-	179,614	-
Utilised during the year	(118,549)	-	(118,801)	-
At 31 August	144,676	-	188,452	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

18. Net assets per share

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

	2021		2020	
	Group	Parent Company	Group	Parent Company
Net assets (RO)	18,565,211	11,443,834	16,947,246	10,049,309
Number of ordinary shares	70,000,000	70,000,000	70,000,000	70,000,000
Net assets per share (RO)	0.265	0.163	0.242	0.144

19. Tuition fee

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Students' fees	14,094,372	-	12,518,049	-
Admission fees	37,800	-	31,750	-
Miscellaneous fees	1,867	-	5,245	-
	14,134,039	-	12,555,044	-

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

20. Other income

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Students' accommodation	-	-	266,452	-
Students' transportation	-	-	11,616	-
Gain on disposal of property and equipment	1,731	-	14,043	-
Income from language classes	72,032	-	62,092	-
Rental income	17,544	-	22,649	-
Write-back of payables	14,302	-	195,212	-
Miscellaneous income	9,437	700	10,025	-
	115,046	700	582,089	-

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

21. Salaries and other related staff costs

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Salaries and allowances	6,698,523	224,581	7,242,863	265,011
Employees' bonus	416,930	14,063	146,034	4,462
Leave pay	557,043	9,397	420,473	2,744
Social security	443,969	12,561	418,481	14,450
End-of-service benefits (note 16)	168,235	4,615	265,218	4,807
Air passage	59,978	2,176	101,514	682
Other costs	219,229	4,496	259,352	2,969
	8,563,907	271,889	8,853,935	295,125

22. Administrative and other operating expenses

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Students' transportation	-	-	4,802	-
Repairs and maintenance	299,452	-	396,540	-
Utilities	265,087	-	381,874	-
Rent	19,252	1,800	19,898	1,800
Teaching materials	41,581	-	42,308	-
Cleaning expenses	51,181	-	52,357	-
Advertising and marketing	57,739	3,906	39,267	3,784
Communication	127,285	477	126,157	110
Entertainment	13,622	249	30,128	3,560
Travel allowances	11,774	2,175	32,751	3,333
Printing and stationery	12,270	703	36,016	235
Graduation expenses	13,717	-	51,146	-
Academic expenses	24,669	-	60,859	-
Insurance	13,902	3,433	13,537	2,564
In-house conferences	7,299	-	10,984	-
MSM membership	10,700	10,700	10,880	10,880
Legal, consultancy and professional fees	74,921	17,394	103,261	7,816
Vehicle expenses and conveyance	15,076	-	17,391	377
Board sitting fees	48,300	48,300	56,000	56,000
Directors' remuneration	300,000	300,000	-	-
Board of Governance sitting fees	34,120	-	23,840	-
Continuous education center expenses	69,793	-	34,922	-
Bank charges	31,450	42	21,203	26
Corporate social responsibility	10,000	10,000	-	-
Value added tax expense	17,141	-	-	-
Miscellaneous expenses	23,700	2,477	27,254	1,943
	1,594,031	401,656	1,593,375	92,428

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

23. Earnings per share

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Net profit for the year after tax (RO)	2,457,965	2,234,525	1,132,113	991,288
Weighted average number of shares on issue	70,000,000	70,000,000	70,000,000	70,000,000
Earnings per share (RO)	0.035	0.032	0.016	0.014

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

24. Related party transactions and balances

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

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

	Parent Company	
	2021 RO	2020 RO
Due from subsidiaries:		
Intaj Sohar for Training Manufacturing and Trade Services LLC- related to operations	9,570	-
Sohar University LLC- related to operations	2,570,620	2,461,196
Sohar University LLC- related to dividend	2,870,000	1,281,478
Modern catering Company LLC- related to dividend	63,000	98,798
	5,513,190	3,841,472
Due to subsidiaries:		
Intaj Sohar for Training Manufacturing and Trade Services LLC	-	83,490
Modern Catering Company LLC	95,193	88,807
	95,193	172,297

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 August 2021 and 2020, the Group has not recorded any impairment allowance on amounts owed by subsidiaries.

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

24. Related parties (continued)

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

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Dividend income	-	2,933,000	-	1,380,276
Expenses paid by subsidiaries on behalf of Parent Company	-	437,238	-	892,908
Expenses paid by Parent Company on behalf of subsidiaries	-	(93,060)	-	(66,510)

Compensation of key management personnel

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

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Short-term employees' benefits	474,766	101,225	456,851	100,860
Staff retirement benefits	30,887	3,500	21,359	3,317
Sitting fees - Board of Directors and other committees	48,300	48,300	56,000	56,000
Sitting fees - Board of Governance	34,120	-	23,840	-
Directors' remuneration	300,000	300,000	-	-

25. Fiduciary activities

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

Group	2021 RO	2020 RO
Funds under management	713,849	1,141,064

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

26. Contingencies and commitments

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
<i>Commitments</i>				
Capital commitments for acquisition of property and equipment	111,972	-	79,567	-
<i>Contingency</i>				
Outstanding letters of guarantee	418,724	-	2,493,725	-

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

The Group is also involved as a claimant and defendant in a legal dispute against a Contractor with reference to the construction work at Sohar University. A Contractor had filed a legal case against the Group in the year 2016, claiming RO 4.21 million, against the remaining unpaid balance for the main work, additional work, late payment losses and cost of materials and RO 5.6 million as compensation for the hardship faced by the Contractor. Management had filed counter claim against the Contractor by not accepting any of the above claims and claiming RO 5.54 million for delays, losses due to poor implementation and non-conformity with the project requirements, delay fine based on the contract, material cost and extra expenses incurred by the University because of the Contractor's failure to meet the contract conditions, etc. During the year, the Arbitrator in their decision on 4 February 2021, rejected Contractor claim against the University and also rejected the counter claim of the University against the Contractor. The Contractor appealed against the decision of Arbitrator in Appeal Court on 27 May 2021, which was rejected by the Appeal Court on 1 July 2021.

On 9 August 2021, the Contractor appealed against the decision in Supreme Court. Based on the legal advice, management believes that the Supreme Court is also likely to reject the appeal filed by the Contractor.

27. Financial risk management

Overview

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

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

27. Financial risk management (continued)

Overview (continued)

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

Credit risk

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

Exposure to credit risk

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

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

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

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

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

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Fees receivables	1,102,094	-	4,365,149	-
Due from subsidiaries	-	5,463,190	-	3,841,472
Due from employees	256	-	-	-
Other receivables	2,646	-	21,766	-
Bank balances	6,445,060	4,020	3,062,285	4,708
	<u>7,550,056</u>	<u>5,467,210</u>	<u>7,449,200</u>	<u>3,846,180</u>

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

27. Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

	2021		2020	
	Group RO	Parent Company RO	Group RO	Parent Company RO
Ministry of Higher Education	987,498	-	4,113,191	-
Others	114,596	-	251,958	-
	<u>1,102,094</u>	<u>-</u>	<u>4,365,149</u>	<u>-</u>

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

Group	2021		2020	
	Gross RO	Impairment RO	Gross RO	Impairment RO
Past due for summer academic semester	770,431	24,194	29,858	414
Past due from 2nd academic semester	287,386	13,217	4,269,742	7,117
Past due from 1st academic semester	31,722	1,634	21,092	1,586
Past due more than 365 days	744,694	693,094	776,596	723,022
	<u>1,834,233</u>	<u>732,139</u>	<u>5,097,288</u>	<u>732,139</u>
Parent Company				
Past due more than 365 days	<u>107,649</u>	<u>107,649</u>	<u>107,649</u>	<u>107,649</u>

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

Liquidity risk

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

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

Oman Education and Training Investment Company SAOG

Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

27. Financial risk management (continued)

Liquidity risk (continued)

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

	Carrying amount RO	Contractual cash flows RO	Within 1 year RO	More than a year RO
2021				
Group				
Trade payables	172,375	172,375	172,375	-
Other payables*	2,194,513	2,194,513	2,194,513	-
Lease liabilities	154,459	236,493	18,372	218,121
Students' deposits	311,483	311,483	105,448	206,035
	<u>2,832,830</u>	<u>2,914,864</u>	<u>2,490,708</u>	<u>424,156</u>
Parent Company				
Other payables	353,953	353,953	353,953	-
Due to subsidiaries	95,193	95,193	95,193	-
	<u>449,146</u>	<u>449,146</u>	<u>449,146</u>	<u>-</u>
2020				
Group				
Trade payables	279,358	279,358	279,358	-
Other payables*	1,823,653	1,823,653	1,823,653	-
Bank borrowings	3,428,341	3,634,041	3,634,041	-
Lease liabilities	163,794	254,961	18,372	236,589
Students' deposits	331,625	331,625	119,871	211,754
	<u>6,026,771</u>	<u>6,323,638</u>	<u>5,875,295</u>	<u>448,343</u>
Parent Company				
Other payables	30,600	30,600	30,600	-
Due to subsidiaries	172,297	172,297	172,297	-
	<u>202,897</u>	<u>202,897</u>	<u>202,897</u>	<u>-</u>

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

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Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

27. Financial risk management (continued)

Market risk

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

Foreign currency risk

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

Interest-rate risk

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

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

28. Capital management

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

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

29. Business and geographical segments

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

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

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Notes to the consolidated and separate financial statements for the year ended 31 August 2021 (continued)

30. Reconciliation of liabilities arising from the financing activities

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

	At 1 September RO	Cash inflows RO	Cash outflows RO	Non-cash changes RO	At 31 August RO
2021					
Bank borrowings	3,428,341	-	(3,428,341)	-	-
Lease liabilities	163,794	-	(18,469)	9,134	154,459
	<u>3,592,135</u>	<u>-</u>	<u>(3,446,810)</u>	<u>9,134</u>	<u>154,459</u>
2020					
Bank borrowings	1,053,341	3,000,000	(763,533)	138,533	3,428,341
Lease liabilities	-	-	(18,372)	182,166	163,794
	<u>1,053,341</u>	<u>3,000,000</u>	<u>(781,905)</u>	<u>320,699</u>	<u>3,592,135</u>

31. Proposed distribution of dividend

The Board of Directors in their meeting held on 26 October 2021 has proposed a cash dividend of RO 1,750,000 –25% (2020: RO 840,000 – 12%) for the year ended 31 August 2021, which is subject to the shareholders' approval in the forthcoming Annual General Meeting.

32. Fair value of financial assets and liabilities

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

33. Subsequent events

There are no events occurring subsequent to 31 August 2021 and before the date of the report that are expected to have a significant impact on the consolidated financial statements of the Group and separate financial statements of the Parent Company.

34. Comparative information

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