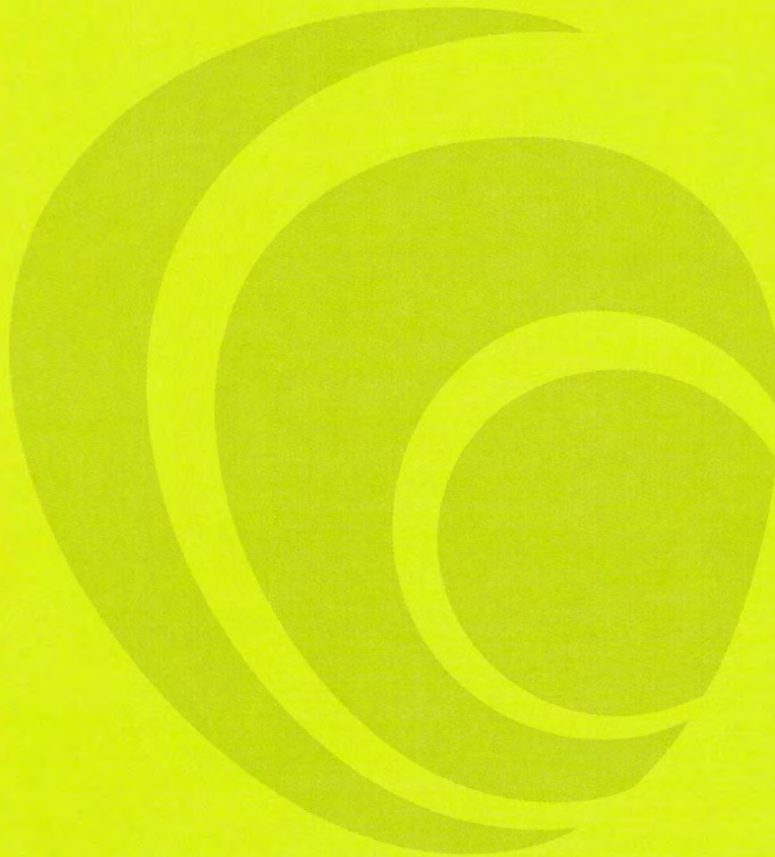


**MAJAN COLLEGE SAOG
(MAJAN UNIVERSITY COLLEGE)**

Financial Statements

For the year ended 31 August 2022
Together with Independent Auditor's Report



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Financial Statements

For the year ended 31 August 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAJAN COLLEGE SAOG
(MAJAN UNIVERSITY COLLEGE)**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)** (the College) a Joint Stock Company registered under the Commercial Companies Law of 18/2019 of the Sultanate of Oman, which comprise the statement of financial position as at 31 August 2022, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)** as at 31 August 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the College in accordance with the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters.

Allowance for impairment of fees and other receivables

The College is required to regularly assess the recoverability of fees and other receivables, this is considered to be a key matter to our audit due to the value of amounts aged greater than the credit terms extended to students.

This involved judgement as the expected credit loss must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAJAN COLLEGE SAOG
(MAJAN UNIVERSITY COLLEGE), (continued)****Key Audit Matter (continued)**

The College's disclosure in Note 7 to the financial statements outlines the accounting policy for determining the allowance for expected credit loss and details of the period-on-period movement in gross and net fee receivables.

Our audit procedures in this area included among others, inquiries with management and work to obtain appropriate audit evidence:

- Obtain an understanding of the process and controls implemented by the College over the fee receivable provisioning process;
- Evaluate receipts after the year-end to determine any remaining exposure at the date of the financial report;
- Test the aging of fees and other receivables for a sample of customers transactions;
- Test the adequacy of the College's impairment against fee receivables by performing a retrospective review of historical provisioning and evaluating of the age analysis of fees receivables;
- Evaluate the completeness and other related information used in the expected credit loss model and checked the arithmetic accuracy of the calculation;
- Assess the appropriateness of the College's provisioning policy and assessed the calculation was in accordance with the ECL model applied; and
- Assess the appropriateness of the College's disclosures as per relevant IFRS.

We focused on this area because the allowance for impaired receivables against fee receivables requires the application of judgment and use of subjective assumptions by management as described in significant accounting judgments, estimates and assumptions in Note 5.

Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.

Other Information

The Management is responsible for the *Other Information*. The *Other Information* comprises the Board of Directors' Report, Management Discussion and Analysis Report and any information other than the financial statements.

Our opinion on the financial statements does not cover the *Other Information* and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the *Other Information* and, in doing so, consider whether the *Other Information* is materially inconsistent with the 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAJAN COLLEGE SAOG
(MAJAN UNIVERSITY COLLEGE), (continued)**

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Commercial Companies Law 18/2019 of the Sultanate of Oman, the rules and guidelines issued by the Capital Market Authority of the Sultanate of Oman and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the College'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 College or to cease operations, or has no realistic alternative but to do so.

Those Charged With Governance are responsible for overseeing the College's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISA 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the 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 College's 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 College'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 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 auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MAJAN COLLEGE SAOG
(MAJAN UNIVERSITY COLLEGE), (continued)**

We communicate with Those Charged With Governance, 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes 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 public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that the financial statements of **MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)** comply with the requirements of the Commercial Companies Law of 18/2019 and the disclosure requirements for public joint stock companies issued by the Capital Market Authority of the Sultanate of Oman.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shahnawaz Khan



Baker Tilly MKM (Oman) LLC
Muscat

Date: 27 OCTOBER 2022



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Statement of financial position

As at 31 August 2022

	Notes	2022 RO	2021 RO
Assets			
Non-current assets			
Property and equipment	6	3,448,621	3,751,026
Deferred tax asset	25c	257,237	260,883
Total non-current assets		3,705,858	4,011,909
Current assets			
Fees and other receivables	7	1,157,200	802,394
Investments at amortised cost	8	6,418,857	6,660,453
Investments at fair value through profit or loss	9	1,322,350	1,329,682
Cash and cash equivalents	10	712,965	1,163,403
Total current assets		9,611,372	9,955,932
Total assets		13,317,230	13,967,841
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11	9,000,000	9,000,000
Legal reserve	12	1,571,098	1,470,584
Retained earnings		1,342,554	437,931
Proposed dividends	13	-	1,305,000
Total shareholders' equity		11,913,652	12,213,515
Liabilities			
Non-current liabilities			
Employees' end of service benefits	14	566,933	610,360
Student security deposits	15	260,555	327,805
Total non-current liabilities		827,488	938,165
Current liabilities			
Trade and other payables	16	396,447	556,271
Provision for taxation	25a	171,002	242,310
Withholding tax payable	25b	8,641	17,580
Total current liabilities		576,090	816,161
Total liabilities		1,403,578	1,754,326
Total shareholders' equity and liabilities		13,317,230	13,967,841
Net assets per share	17	0.132	0.136

The financial statements were approved and authorised for issue by the Board of Directors on 27 October 2022 and signed on its behalf by:

CHAIRMAN




DEAN



The accompanying notes form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Statement of comprehensive income

For the year ended 31 August 2022

	<i>Notes</i>	2022 RO	2021 RO
Income			
Fee income	20	3,944,029	4,686,792
Investment income	21	580,020	301,631
Other income	22	247,602	39,458
Total income		4,771,651	5,027,881
Expenses			
Salaries and staff related costs	23	(2,287,735)	(2,187,994)
General and administrative expenses	24	(877,783)	(1,055,039)
Depreciation	6	(354,372)	(384,527)
Expected credit losses		(45,817)	(5,948)
Foreign exchange (losses) /gains		(25,592)	23,330
Total expenses		(3,591,299)	(3,610,178)
Profit before tax for the year		1,180,352	1,417,703
Income tax	25d	(175,215)	(66,781)
Net profit after tax for the year		1,005,137	1,350,922
Other comprehensive income		-	-
Total comprehensive income for the year		1,005,137	1,350,922
Basic and diluted earnings per share	18	0.011	0.015

The accompanying notes form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Statement of changes in equity

For the year ended 31 August 2022

	Share capital RO	Legal reserve RO	Retained earnings RO	Proposed dividends RO	Total RO
2022					
At 1 September 2021	9,000,000	1,470,584	437,931	1,305,000	12,213,515
Total comprehensive income for the year	-	-	1,005,137	-	1,005,137
Transfer to legal reserve	-	100,514	(100,514)	-	-
Dividends paid	-	-	-	(1,305,000)	(1,305,000)
At 31 August 2022	<u>9,000,000</u>	<u>1,571,098</u>	<u>1,342,554</u>	<u>-</u>	<u>11,913,652</u>
2021					
At 1 September 2020	9,000,000	1,335,492	527,101	1,305,000	12,167,593
Total comprehensive income for the year	-	-	1,350,922	-	1,350,922
Transfer to legal reserve	-	135,092	(135,092)	-	-
Dividends paid	-	-	-	(1,305,000)	(1,305,000)
Proposed dividends for 2021	-	-	(1,305,000)	1,305,000	-
At 31 August 2021	<u>9,000,000</u>	<u>1,470,584</u>	<u>437,931</u>	<u>1,305,000</u>	<u>12,213,515</u>

The accompanying notes form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Statement of cash flows

For the year ended 31 August 2022

	Notes	2022 RO	2021 RO
Cash flows from operating activities:			
Cash received from fee income		4,177,521	5,439,204
Cash paid towards expenses		(3,436,279)	(3,701,741)
Income tax paid	25	(251,816)	(300,538)
Net cash generated from operating activities		<u>489,426</u>	<u>1,436,925</u>
Cash flows from investing activities:			
Purchase of property and equipment	6	(51,967)	(54,333)
Proceeds from disposal of property and equipment		583	2,554
Purchase of investments at FVTPL	9	(80,305)	(1,849,862)
Proceeds from sale of investments at FVTPL	9	238,012	482,439
Musharaka investment deposits		241,650	(2,373,367)
Income from Musharaka investment deposits		16,282	553,112
Investments managers receivable		334	(348)
Net cash generated from/ (used in) investing activities		<u>364,589</u>	<u>(3,239,806)</u>
Cash flows from financing activities:			
Payment of dividends	13	(1,305,000)	(1,305,000)
Net cash (used in) financing activities		<u>(1,305,000)</u>	<u>(1,305,000)</u>
Net (decrease) in cash and cash equivalents		<u>(450,985)</u>	<u>(3,107,881)</u>
Cash and cash equivalents at the beginning of the year	10	1,164,814	4,272,695
Cash and cash equivalents at the end of the year	10	<u>713,829</u>	<u>1,164,814</u>
Cash and cash equivalents comprises the following:			
Cash at bank		711,649	1,161,855
Cash on hand		2,180	2,959
Balance at the end of the year	10	<u>713,829</u>	<u>1,164,814</u>

The accompanying notes form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2022

1 Legal status and nature of operations

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE) (the College) is a joint stock company (SAOG) incorporated and domiciled on 17 December 1995 in the Sultanate of Oman under the Commercial Companies Law 1974 of the Sultanate of Oman; and subsequently replaced by the Commercial Companies Law No 18/2019.

The College is a subsidiary of Human Investment LLC, an Oman based company, whose registered address is P.O. Box 1814, Postal Code 112, Muscat, the Sultanate of Oman.

The College is engaged in the fields of management sciences, scientific research; and providing education to students in the Sultanate of Oman.

The College's registered office and principal address is P.O. Box 710, Ruwi, Postal Code 112, the Sultanate of Oman. The College's shares are listed on the Muscat Stock Exchange (MSX)

2 Academic affiliation

University of Bedfordshire – UK

The College has entered into an Academic Affiliation Agreement with the University of Bedfordshire in the United Kingdom (the UOB Agreement), for validating the College's undergraduate programs leading to the awards of Bachelor degrees in Business, English language and Information Technology disciplines. Additionally, the College has another agreement with the University of Bedfordshire for hosting its Master Programs in Business Administration, Computer Sciences and Information Technology, International Human Resources Management and Applied Linguistics. The two agreements were renewed on 1 September 2022 and shall continue until 31 August 2026. In accordance with the UOB Agreements, the College is required to pay an annual affiliation fee per semester that is based on the number of students and certain other criteria.

3 Basis of preparation

a Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB), Interpretations issued by the International Financial Reporting Interpretations Committee (the Committee), the requirements of the Commercial Companies Law of 18/2019 of the Sultanate of Oman and the Capital Market Law and relevant disclosures requirements for public joint stock companies issued by the Capital Market Authority (CMA).

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2022

3 Basis of preparation (continued)

b Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

c Functional currency

These financial statements are presented in Rial Omani since this is the functional currency of the College and since all of the transactions are denominated in Rial Omani.

d Use of estimates

The preparation of financial statement requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the date of the statement of financial position and the resultant provisions and changes in fair value for the period. 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

For the year ended 31 August 2022, the College has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the Committee) of the IASB that are relevant to its operations and effective for periods of the College beginning on or after 1 September 2021.

The adoption of these standards and interpretations has not resulted in any significant changes to the College's accounting policies and has not affected the amounts reported for the current period.

The new and revised Standards and Interpretations in issue but not yet effective at the date of these financial statements have not been adopted in these financial statements. Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements in the period of initial application.

New and revised IFRS in issue and effective

The following new and revised standards, improvements, amendments and interpretations issued are effective for the first time for periods of the College beginning on or after 1 September 2021 and have been adopted in the preparation of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2022

3 Basis of preparation (continued)

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

New and revised IFRS in issue and effective (continued)

- Amendments to IFRS 3 *Business Combinations*
- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- Amendments to IFRS 9 *Financial Instruments*
- Amendments to IAS 1 *Presentation of Financial Statements*
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*
- Amendments to IFRS 16 *COVID-19: Related Rent Concessions*
- IBOR Transition (Interest Rate Benchmark Reforms Phase 1)
- Amendments due to the Conceptual Framework:
- Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

The adoption of these new standards, improvements, amendments and interpretations did not have a material impact on the College's financial statements for the year ended 31 August 2022.

New and revised IFRS in issue but not yet effective

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory until the period commencing on the dates shown, and hence have not been early adopted by the College in preparing the financial statements for the year ended 31 August 2022.

- | | | |
|---|---|----------------|
| • IFRS 17 | <i>Insurance Contracts</i> | 1 January 2023 |
| • Amendments to IFRS 1 | <i>First-time Adoption of IFRS</i> | 1 January 2022 |
| • Amendments to IFRS 3 | <i>Business Combinations</i> | 1 January 2022 |
| • Amendments to IFRS 9 | <i>Financial Instruments</i> | 1 January 2022 |
| • Amendments to IAS 1 | <i>Presentation of Financial Statements</i> | 1 January 2023 |
| • Amendments to IAS 12 | <i>Income tax</i> | 1 January 2023 |
| • Amendments to IAS 16 | <i>Property, Plant and Equipment</i> | 1 January 2022 |
| • Amendments to IAS 37 | <i>Provisions, Contingent Liabilities and Contingent Assets</i> | 1 January 2023 |
| • Annual Improvements to IFRS Standards 2018-2020 Cycle | | 1 January 2022 |

Management anticipates that all of the above standards, improvements, interpretations and amendments will be adopted by the College to the extent applicable from their effective dates. The adoption of these standards, improvements, interpretations and amendments is not expected to have a material impact on the financial statements of the College in the year of their initial application.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies

a Property and equipment

Property and equipment, other than land, are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following useful lives are used for the depreciation of property and equipment:

Buildings	15 years
Motor vehicles	5 years
Furniture and fittings	5 years
Computers and software	5 years
Library books	5 years

Freehold land is not depreciated as it is deemed to have an infinite life.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the statement of comprehensive income.

b Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The College's financial assets measured at amortised cost are investments at amortised cost, cash at bank and fee receivables.

c Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets which are either held for trading or are designated by management as such upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies (continued)

c Financial assets at fair value through profit or loss

Changes in fair value of investments are recognised in equity and included in the College's statement of comprehensive income. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the College's statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the College's statement of comprehensive income as part of dividend income when the College's right to receive payments is established.

d Impairment of assets

Financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model. Instruments within the scope of the requirements include financial assets measured at amortised cost, such as fees receivables measured under IFRS 15. The College considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- financial assets that have objective evidence of impairment at the reporting date (Stage 3).

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies (continued)

d Impairment of assets (continued)

Non financial assets

In accordance with IFRS the carrying values of assets are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amount, the impairment loss is recognized for the difference between the carrying value and the recoverable amount and is recognized in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognized as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized earlier.

e Fee and other receivables

A receivable represents the College's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Other receivables originated by the College are measured at cost. Receivables are stated at original invoice amount less provision for any uncollectible amounts as per the expected credit loss model as required under IFRS 9. Receivables are written-off when there is no possibility of recovery.

The College makes use of a simplified approach in accounting for expected credit loss and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the ECL, the College takes account of its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The carrying values of fee receivables approximate their fair values due to the short-term nature of those receivables.

f Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, and short-term deposits which are subject to an insignificant risk of changes in value.

g Legal reserve

As required by Article 133 of the Commercial Companies Law of the Sultanate of Oman, the College transfers 10% of its profit for the year to legal reserve until such time as the reserve amounts to at least one third of the paid-up share capital. This reserve is not available for distribution.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies (continued)

h Staff termination benefits

The provision for employees' termination benefits is based upon the liability accrued in accordance with the terms of employment of the College's employees at the reporting date with regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

Government of Oman Social Insurance Scheme (the Scheme)

The College contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The College and Omani employees are required to make monthly contributions to the Scheme at 12.5% and 8% respectively, of gross salaries effective January 2021.

Non-Omani employee termination benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to end of service benefits calculated at the rate of 15 days basic salary for each of the first three years of continuous service and at a rate of 30 days basic salary for each year of continuous service following the first three years. However, the employees hired earlier than 2002 are entitled to end of service benefits calculated at the rate of 30 days basic salary for each year of continuous service following the date of joining. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff termination benefits are payable on termination of employment.

i Leases

The College assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

College as a lessee

The College applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The College recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies (continued)

i Leases (continued)

Short-term leases and leases of low-value assets

The College applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

j Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the College and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or the Management have at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

k Provisions, contingent liabilities and contingent assets (continued)

Any reimbursement that can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the College's Management. In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised.

Probable inflows of economic benefits to the College that do not yet meet the recognition criteria of an asset are considered contingent assets.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies (continued)

l Contract liabilities

A contract liability is the obligation to transfer services to a student for which the College has received consideration (or an amount of consideration is due) from the student. If a student pays consideration before the College transfers services to the student, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the College performs under the contract.

m Fee income

The College is in the business of providing higher education programs affiliated with the University of Bedfordshire in different disciplines. The College follows a 5-step process to recognize revenue:

- 1 Identifying the contract with a student;
- 2 Identifying the performance obligations;
- 3 Determining the transaction price;
- 4 Allocating the transaction price to the performance obligations; and
- 5 Recognizing revenue when/as performance obligation(s) are satisfied.

The College has various disciplines and programs that comprise Higher Education Diplomas, Bachelor's degree, Master's degree, CMA and ACCA professional courses. All services of the College are separate, therefore are considered distinct and separate performance obligations.

Revenue from contracts with students is recognised over a period of time when the service has been rendered to the student. The service is considered to be rendered when the tuition hours are provided. The College's revenue comprises tuition fees of the course chosen by the student, measured by reference to the fair value of consideration received or receivable by the College for services provided. Revenue earned upon the initiation of the semester courses is realized on an accrual basis in the statement of comprehensive income.

n Other income

Other income comprises hostel fee income, accreditation of prior learning income, profit on disposal of property and equipment and other miscellaneous income, recognized in the statement of comprehensive income on the accrual basis or when the College's right to receive the payment is established.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies (continued)

o Advance income

Any fees received in advance are recorded as current liabilities at the time of student registration for upcoming semesters and subsequently recognized as revenue on the accrual basis.

p Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

q Foreign currencies

The Rial Omani (RO) is the functional and presentation currency of the College. Any currency other than the functional currency is considered as a foreign currency. Transactions in foreign currencies are translated to Rial Omani at the rate of exchange prevailing on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to Rial Omani using the closing rate at the reporting date.

An exchange difference on settlement of monetary items or on translation are recognised in the statement of comprehensive income.

r Income tax

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

Current tax

Current tax is the expected tax payable on the taxable income for the year, using the tax rate ruling at the reporting date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the year when the asset is realised or the liability is settled. The tax effects on the temporary differences are disclosed under non-current liabilities or non-current assets as deferred tax liability or asset as appropriate.

A deferred tax asset is recognised only to an extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s Dividends

The Board of Directors recommends dividends to be paid to the shareholders out of the College's profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law 18/2019, as amended, of the Sultanate of Oman while recommending dividends. Dividends are recognised in the year in which they are declared by the Board of Directors and are approved by the shareholders.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

4 Summary of significant accounting policies (continued)

t Directors' remuneration

The College follows the Commercial Companies Law of the Sultanate of Oman, 18/2019, as amended, and other latest relevant directives issued by the Capital Market Authority, in regards to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of comprehensive income in the year to which it relates.

u Fair values

A number of the College's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair values of the financial instruments are not materially different from their carrying values.

v Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Dean and the Financial Officer.

5 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the College's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

a Useful lives and residual values of property and equipment

Management reviews the useful lives of depreciable assets at each reporting date. At 31 August 2022 management assessed that the useful lives represent the expected utility of the assets to the College. The carrying amounts are mentioned in note 6. Actual results, however, may vary due to technical obsolescence.

b Provision for expected credit losses on fee receivables

The College uses a provision matrix to calculate ECLs for fee receivables. The provision rates are based on days past due for groupings of various students segments that have similar loss patterns.

The provision matrix is initially based on the College's historical observed default rates. The College calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector in which the customers of the College operate, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

5 Significant accounting judgments, estimates and assumptions (continued)

b Provision for expected credit losses on fee receivables (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The College's historical credit loss experience and forecast of economic conditions may also not be representative of student's actual default in the future. The information about the ECLs on the College's fee receivables is disclosed in Note 7 and 26.2.

c Going concern

The College's management has made an assessment of the College's ability to continue as a going concern and is satisfied that the College has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the College's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

d Covid-19

Due to the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and as compared to the year ended 31 August 2021, the College may not have experienced further significant adverse effect on the preparation of these financial statements, changes to the estimates and outcomes that have been applied in the measurement of the College's assets and liabilities may arise in the future.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

6 Property and equipment

31 August 2022

Cost	Land RO	Buildings RO	Motor vehicles RO	Furniture and fittings RO	Computers and software RO	Library books RO	Capital work in progress RO	Total RO
At 1 September 2021	1,153,509	4,488,160	52,300	1,120,462	906,280	347,353	698	8,068,762
Additions	-	-	-	30,682	21,195	90	-	51,967
Disposals	-	-	-	(39,496)	(243,170)	(13)	-	(282,679)
Transfer	-	-	-	-	698	-	(698)	-
At 31 August 2022	1,153,509	4,488,160	52,300	1,111,648	685,003	347,430	-	7,838,050
Accumulated depreciation								
At 1 September 2021	-	2,201,102	51,837	1,008,796	714,769	341,232	-	4,317,736
Charge for the year	-	245,178	463	37,325	68,612	2,794	-	354,372
Disposals	-	-	-	(39,496)	(243,170)	(13)	-	(282,679)
At 31 August 2022	-	2,446,280	52,300	1,006,625	540,211	344,013	-	4,389,429
Net book value								
At 31 August 2022	1,153,509	2,041,880	-	105,023	144,792	3,417	-	3,448,621

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

6 Property and equipment (continued)

31 August 2021

Cost	Land RO	Buildings RO	Motor vehicles RO	Furniture and fittings RO	Computers and software RO	Library books RO	Capital work in progress RO	Total RO
At 1 September 2020	1,153,509	4,488,160	52,300	1,240,588	864,899	347,137	698	8,147,291
Additions	-	-	-	12,736	41,381	216	-	54,333
Disposals	-	-	-	(132,862)	-	-	-	(132,862)
At 31 August 2021	<u>1,153,509</u>	<u>4,488,160</u>	<u>52,300</u>	<u>1,120,462</u>	<u>906,280</u>	<u>347,353</u>	<u>698</u>	<u>8,068,762</u>
Accumulated depreciation								
At 1 September 2020	-	1,945,154	50,407	1,091,895	637,884	337,053	-	4,062,393
Charge for the year	-	255,948	1,430	46,085	76,885	4,179	-	384,527
Disposals	-	-	-	(129,184)	-	-	-	(129,184)
At 31 August 2021	<u>-</u>	<u>2,201,102</u>	<u>51,837</u>	<u>1,008,796</u>	<u>714,769</u>	<u>341,232</u>	<u>-</u>	<u>4,317,736</u>
Net book value								
At 31 August 2021	<u>1,153,509</u>	<u>2,287,058</u>	<u>463</u>	<u>111,666</u>	<u>191,511</u>	<u>6,121</u>	<u>698</u>	<u>3,751,026</u>

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

6 Property and equipment (continued)

The land comprises the acquisition cost of a student hostel and the value of the land of the college campus which was granted by the Government of the Sultanate of Oman as part of a RO 850,000 non-monetary grant of the campus land and buildings. The campus land and buildings were valued at the time of grant at RO 650,000 and RO 200,000 respectively. The College cannot take any action related to this grant without the prior approval of the Government of the Sultanate of Oman.

	2022 RO	2021 RO
7 Fee and other receivables		
a Financial assets		
Fee receivables	1,509,780	1,587,462
Less: provision for expected credit loss (note 7b)	(1,072,162)	(1,027,443)
	<u>437,618</u>	<u>560,019</u>
Accrued interest on investments at amortised cost	523,133	136,889
Less: provision for expected credit loss	(28)	(31)
	<u>523,105</u>	<u>136,858</u>
Non-financial assets		
Prepayments	106,499	55,091
Other receivables	89,978	50,426
	<u>196,477</u>	<u>105,517</u>
	<u><u>1,157,200</u></u>	<u><u>802,394</u></u>

The credit period of the student fee receivables is between the beginning and completion of each semester and not subject to interest after the credit period. The carrying amounts of fee and other receivables are denominated in Rial Omani.

b The movement in provision for expected credit losses on fee receivables is as follows:

	2022 RO	2021 RO
Balance at the beginning of the year	1,027,443	1,024,564
Provided for the year	46,421	9,224
Reversed for the year	(1,702)	(6,345)
	<u>1,072,162</u>	<u>1,027,443</u>

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

	2022 RO	2021 RO
8 Investments at amortised cost		
Investments at amortised cost	6,420,302	6,661,952
Provision for expected credit losses	(1,445)	(1,499)
	6,418,857	6,660,453

Investments at amortised cost represents an investment placed with Human Investment and Training Corporation, Kuwait under a Musharka scheme, maturing within one year and carries an expected profit rate of 6% per annum (2021: 6% per annum).

	2022 RO	2021 RO
9 Investments at fair value through profit or loss		
Quoted investments (Level 1)		
Real estate	-	681,017
Oil & gas	136,079	158,685
Financial services	25,054	248,893
Others	44,242	241,087
	205,375	1,329,682
Unquoted investments (Level 2)		
Real estate	779,126	-
Financial services	337,849	-
	1,116,975	-
At 31 August	1,322,350	1,329,682

Certain investments which were quoted entities as at 31st August 2021, were delisted during the year ended 31st August 2022 and hence are now shown as Level 2.

a Movement in investments at fair value through profit or loss during the year was as follows:

Opening investments	1,329,682	-
Purchase of investments	80,305	1,849,862
Proceeds from sale of investments	(238,012)	(482,439)
Unrealised gain / (loss) on fair value changes of investments (Note 21)	174,053	(73,173)
Realised gain on sale of investments (Note 21)	3,442	18,379
Foreign exchange charge	(27,120)	17,053
	1,322,350	1,329,682

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

9. Investments (continued)

b. The geographical distribution of the investments in notes 8 and 9 is as follows:

	2022 RO	2021 RO
GCC	7,696,965	7,749,048
Other than GCC	44,242	241,087
	<u>7,741,207</u>	<u>7,990,135</u>

c. The fair value hierarchy of the investments is as follows:

	2022 RO	2021 RO
Amortised cost	6,418,857	6,660,453
Level 1	205,375	1,329,682
Level 2	1,116,975	-
	<u>7,741,207</u>	<u>7,990,135</u>

10 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following :

	2022 RO	2021 RO
Maturing within three months		
Cash at banks	711,649	1,161,855
Provision for expected credit losses	(864)	(1,411)
	<u>710,785</u>	<u>1,160,444</u>
Cash on hand	2,180	2,959
Balance at the end of the year	<u>712,965</u>	<u>1,163,403</u>

a. The movement in provision for expected credit loss on cash at banks is as follows:

	2022 RO	2021 RO
Balance at the beginning of the year	1,411	5,186
Reversed during the year	(547)	(3,775)
Balance at the end of the year	<u>864</u>	<u>1,411</u>

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

	2022 RO	2021 RO
11 Share capital		
Authorised share capital		
150,000,000 authorised shares of RO 0.1 each	<u>15,000,000</u>	<u>15,000,000</u>
Subscribed and paid up share capital		
90,000,000 fully paid up shares of RO 0.1 each	<u>9,000,000</u>	<u>9,000,000</u>

Significant shareholders

Details of shareholders of the College who own 10% or more of the College's shares at the statement of financial position date, whether in their name, or through a nominee account, and the number of shares they hold are as follows:

Name of shareholder	%	Shares held	%	Shares held
Human Investment LLC – Oman	76.4	68,784,230	76.4	68,784,230
Oman Chamber of Commerce and Industry	10.5	<u>9,480,000</u>	10.5	<u>9,480,000</u>

12 Legal reserve

In accordance with the Commercial Companies Law of Oman 18/2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the College's paid-up share capital. This reserve is not available for distribution to the shareholders. During the year ended 31 August 2022 an amount of RO 100,514 has been transferred to the legal reserve (August 2021: RO 135,092).

13 Dividends paid and proposed

A cash dividend of RO 1,305,000 proposed in 2021 (2020: RO 1,305,000) was paid during the year based on the approval of the shareholders meeting held on 28 October 2021. For the current year, no dividend was proposed by the Board of Directors.

14 Employees' end of service benefits

In accordance with the requirements of Oman Labour Laws, the College has provided for end of service benefits for its non-Omani employees. The movement in end of service benefits during the year is as follows:

	2022 RO	2021 RO
Balance at the beginning of the year	610,360	657,966
Provided for the year	80,297	86,436
Payments during the year	(123,724)	(134,042)
Balance at the end of the year	<u>566,933</u>	<u>610,360</u>

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

15 Student security deposits

Student security deposits amounting to RO 260,555 (2021: RO 327,805) include refundable deposits collected from students at the time of registration. The carrying value of security deposits is at fair value.

	2022 RO	2021 RO
16 Trade and other payables		
a Financial liabilities		
Trade payables	173,269	281,710
Air passage and leave salaries	28,053	23,009
Other accrued expenses	34,370	68,539
	<u>235,692</u>	<u>373,258</u>
b Non-financial liabilities		
Advance tuition fees	158,123	182,653
Other advance income	2,632	360
	<u>396,447</u>	<u>556,271</u>

17 Net assets per share

Net assets per share is calculated by dividing the net assets at the year end by the number of shares outstanding as follows:

	2022	2021
Net assets	11,913,652	12,213,515
Number of shares outstanding	90,000,000	90,000,000
	<u>0.132</u>	<u>0.136</u>

18 Earnings per share

Earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2022	2021
Profit for the year	1,005,137	1,350,922
Numbers of ordinary shares outstanding	90,000,000	90,000,000
	<u>0.011</u>	<u>0.015</u>

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

19 Related party transactions

The College's related parties include its key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Key management personnel of the College are the Executive Management. The nature of significant related party transactions (key management personnel compensation) and the amounts involved during the period are presented below:

	2022 RO	2021 RO
Salaries and related costs	268,561	262,936
Board sitting fees	<u>25,300</u>	<u>25,000</u>
20 Fee income		
Undergraduate income	4,285,493	4,169,923
Post graduate income	413,084	986,406
Less: discounts allowed	<u>(754,548)</u>	<u>(469,537)</u>
	<u>3,944,029</u>	<u>4,686,792</u>
21 Investment income		
Income on investments at amorised cost and cash at banks	402,480	356,338
Realised gain on sale of investments at FVTPL (Note 9.a)	3,442	18,379
Unrealised gain (loss) on fair value changes of investments at FVTPL (Note 9.a)	174,053	(73,173)
Dividend income of investments at FVTPL	45	87
	<u>580,020</u>	<u>301,631</u>
22 Other income		
Hostel rental income	122,520	-
Miscellaneous income	89,539	19,262
Rental income	24,210	9,320
Accreditation of prior learning income	10,750	12,000
Profit/(loss) on disposal of property and equipment	583	(1,124)
	<u>247,602</u>	<u>39,458</u>
23 Salaries and staff related costs		
Salaries and allowances	1,967,342	1,889,788
Benefits	143,990	123,848
Contributions to social security fund	96,106	87,922
Employees' end of service benefits	80,297	86,436
	<u>2,287,735</u>	<u>2,187,994</u>

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

	2022 RO	2021 RO
24 General administrative expenses		
Post-Graduate affiliation fees	166,951	391,896
Undergraduate affiliation fees	121,534	204,656
Utility expenses	121,042	81,550
Repairs and maintenance	115,755	77,268
Software license fees	76,172	76,557
Advertising expenses	65,495	45,227
Legal and professional fees	46,568	48,873
General expenses	34,592	28,922
Rent expenses	30,164	34,288
Board meeting/sitting fees	25,300	25,000
Fuel, travelling and hotel expenses	20,616	1,646
Stationery and printing	18,236	7,374
Bank charges	12,199	19,219
Insurance expenses	9,611	9,267
Board of Trustees' meeting fees	5,600	100
Graduation ceremony expenses	4,285	-
Student activities expenses	3,663	3,196
	<u>877,783</u>	<u>1,055,039</u>

25 Taxation

In accordance with Ministerial Decision No. 74/2005 received from the Ministry of Finance and issued on 30 November 2005, the College was exempted from income tax on income earned from its activities in the field of education for an unlimited period from 30 May 2005. Under Article 118 of the new Income Tax Law, the College continue to be exempt from Income tax for an additional period of five years the date specified in the decision, which is 29 May 2015. The tax exemption on educational activities expired on the 29 May 2015 and hence the College is subject to income tax from 1 June 2015 onwards on all of its income.

The computation of income tax and deferred tax calculated is as follows:

Recognised in the statement of financial position

The College is liable to pay tax at the rate of 15% on its taxable income in accordance with the Income Tax Law of the Sultanate of Oman (2021: 15%).

	2022 RO	2021 RO
a Provision for taxation		
Balance at the beginning of the year	242,310	287,305
Provision for the current year tax	173,431	242,310
Tax incentive granted for 2021	(2,429)	-
Prior year adjustment	567	414
Payment made during the year	(242,877)	(287,719)
Balance at the end of the year	<u>171,002</u>	<u>242,310</u>

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2022

	2022 RO	2021 RO
25 Taxation (Continued)		
b Withholding tax payable		
Balance at the beginning of the year	17,580	30,399
Payment made during the year (net)	<u>(8,939)</u>	<u>(12,819)</u>
Balance at the end of the year	<u><u>8,641</u></u>	<u><u>17,580</u></u>
c Deferred tax asset		
Balance at the beginning of the year (Reversed)/recognised during the year	260,883 <u>(3,646)</u>	84,940 <u>175,943</u>
Balance at the end of the year	<u><u>257,237</u></u>	<u><u>260,883</u></u>

The deferred tax asset in the statement of financial position and deferred tax (charge)/recognised in the statement of comprehensive income are attributable to the following items:

2022	As at 1 Sep 2021 RO	(Charge) recognised RO	As at 31 Aug 2022 RO
Property and equipment	98,349	11,686	110,035
Provisions and fair value adjustment	162,534	(15,332)	147,202
Total deferred tax asset	<u><u>260,883</u></u>	<u><u>(3,646)</u></u>	<u><u>257,237</u></u>
2021	As at 1 Sep 2020 RO	(Charge) recognised RO	As at 31 Aug 2021 RO
Property and equipment	84,941	13,408	98,349
Provisions	-	162,534	162,534
Total deferred tax asset	<u>84,941</u>	<u>175,943</u>	<u>260,883</u>

Recognised in the statement of comprehensive income

d Income tax expense		
Current year tax expense	173,431	242,310
Prior year tax adjustment	567	414
Deferred tax	3,646	(175,943)
Tax incentive granted for 2021	<u>(2,429)</u>	<u>-</u>
	<u><u>175,215</u></u>	<u><u>66,781</u></u>

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Notes to the financial statements

For the year ended 31 August 2022

	2022 RO	2021 RO
25 Taxation (Continued)		
e Reconciliation of income tax expense		
Net profit before tax	1,180,352	1,417,703
Add:		
Depreciation	354,372	384,527
Unrealised (loss)/gain on fair value changes of investments at FVTPL	(174,053)	73,173
Unrealised foreign exchange	26,936	34,583
Provision for expected credit losses	45,817	5,948
Loss on disposal of property and equipment	-	1,124
Tax consultancy fees	950	950
	<u>1,434,374</u>	<u>1,918,008</u>
Less:		
Tax depreciation	(275,882)	(296,262)
Credit losses of previous years	(1,702)	(6,345)
Profit on disposal of property and equipment	(583)	-
	<u>1,156,207</u>	<u>1,615,401</u>
Tax rate	15%	15%
Income tax	<u>173,431</u>	<u>242,310</u>
f Current status of the tax assessment		

The College's taxation assessments have been finalised the Tax Authority for all years up to 2019. At the end of the reporting year, the management consider that the amount of additional taxes, if any, that may become payable on finalisation of the unassessed tax years will not be material to the College's financial position.

26 Financial risk and capital management

The College's activities expose it to various financial risks, primarily market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The College's risk management is carried out internally in accordance with the policies approved by the Board.

a Market risk

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The College is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar, Kuwaiti Dinar and Pound Sterling. As Rial Omani and Kuwaiti Dinar are pegged against US Dollar, the Management does not believe that the College is exposed to any material foreign exchange risk.

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Notes to the financial statements

For the year ended 31 August 2022

26 Financial risk and capital management (continued)

a. Market risk (continued)

Interest rate risk

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

The College has term deposits and investments at amortized cost that yield interest. However, they are not subject to variations and are fixed. The Board manages its exposure to interest rate risk by constantly monitoring the changes in interest rates and availing lower interest-bearing facilities, wherever possible.

b. Credit risk

Credit risk is the risk of financial loss to the College if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the College's fee receivables.

Credit risk on fee and other receivables is subject to credit evaluation and an expected credit loss provision is made for outstanding balances. Amounts of cash and bank balances are placed with national banks at net of the expected credit loss. The College has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The Management believes the credit risk to be insignificant.

The credit terms range up to 7 months for fee receivables, the period of one semester offered at the College. The credit terms for students are negotiated subject to instalment payments within the semester period. The ongoing credit risk is managed through receipt of advance payments confirmation from Ministry of Higher Education for scholarship students and Private or Public sponsors for sponsorship students. The customers on a credit basis are regularly reviewed for ageing analysis, together with credit limits per customer.

Expected credit loss on cash at banks and investment at amortised cost

The cash at bank is considered to be a low-risk item and the College applies the IFRS 9, 12 months Expected Credit Loss (ECL) method. The expected credit loss on cash at banks is calculated based on the credit ratings given by external credit rating agencies. The Probability of Default (PD) is considered based on the historical data of the credit ratings. Should a case of default occur the College is exposed to 100% amount held with the bank. Therefore the Loss Given Default (LGD) reflects the same assumption.

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Notes to the financial statements

For the year ended 31 August 2022

26 Financial instruments risks (continued)

b. Credit risk (continued)

Credit risk analysis

Credit rating	Exposure at period end RO	PD %	LGD %	ECL RO
31 August 2022				
Cash and cash equivalents	711,649	0.270	45	864
Investments at amortised cost	6,420,302	0.050	45	1,445
Accrued interest on investments at amortised cost	523,133	0.012	45	28
	<u>7,655,084</u>			<u>2,337</u>
31 August 2021				
Cash and cash equivalent	1,161,855	0.269	45	1,411
Investment at amortised cost	6,661,952	0.050	45	1,499
Accrued interest on investment at amortised cost	136,889	0.049	45	31
	<u>7,960,696</u>			<u>2,941</u>

Expected credit loss on fee receivables

The College applies the IFRS 9 simplified model of recognising lifetime expected credit losses for fee receivables (except for contractual balances due from the Ministry of Higher Education); as these items do not have a significant financing component.

In measuring the expected credit losses, the fee receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Loss rates are calculated using a 'roll rates' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past two years. These are then adjusted for the current year fee receivables balances.

Percentages shown below are before taking account of subsequent collection.

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For the year ended 31 August 2022

26 Financial instruments risks (continued)

b. Credit risk (continued)

Credit risk analysis

	Expected credit loss rate	Gross carrying amount	Expected credit Loss allowance
	%	RO	RO
31 August 2022			
Not past due up to 209 days	0.50	283,042	1,086
210-365 days past due	21.00	64,047	13,450
365-730 days past due	53.00	117,995	62,537
731-1,095 days past due	66.00	63,282	40,775
1,096-1,460 days due	80.00	64,494	50,793
More than 1,460 days	100.00	916,920	903,521
		<u>1,509,780</u>	<u>1,072,162</u>
31 August 2021			
Not past due up to 209 days	0.50	403,269	1,347
210-365 days past due	21.00	81,339	15,712
365-730 days past due	53.00	86,390	43,956
731-1,095 days past due	66.00	69,474	45,192
1,096-1,460 days due	80.00	62,274	49,418
More than 1,460 days	100.00	884,716	871,818
		<u>1,587,462</u>	<u>1,027,443</u>

c. Liquidity risk

Liquidity risk is the risk that the College will not be able to meet its financial obligations as they fall due. The Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet all liabilities as they fall due. The table below analyses the College's financial liabilities as at the end of the reporting period based on the contractual maturity dates:

	2022 RO	2021 RO
Non-interest bearing:		
Trade payables and accruals (note 16a) (excluding advances)	235,692	373,258
Student security deposits (note 15)	260,555	327,805
	<u>496,247</u>	<u>701,063</u>

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Notes to the financial statements

For the year ended 31 August 2022

26 Financial instruments risks (continued)

c Liquidity risk (continued)

The table below summarises the maturities of the College's financial liabilities on contractual maturity as below:

	up to 6 months RO	7 to 12 months RO	Above 1 year RO	Total RO
31 August 2022				
Non-interest bearing:				
Student security deposits	32,300	24,700	203,555	260,555
Trade payables	165,467	7,302	500	173,269
Air passage and leave salaries	28,053	-	-	28,053
Other accrued expenses	41,146	-	-	41,146
	<u>266,966</u>	<u>32,002</u>	<u>204,055</u>	<u>503,023</u>
31 August 2021				
Non-interest bearing:				
Student security deposits	-	-	327,805	327,805
Trade payables	281,210	500	-	281,710
Air passage and leave salaries	23,009	-	-	23,009
Other accrued expenses	68,539	-	-	68,539
	<u>372,758</u>	<u>500</u>	<u>327,805</u>	<u>701,063</u>

Management believes that the College will be able to generate sufficient funds for the foreseeable future to meet the College's liquidity requirements and meet the financial obligations as they fall due.

27 Capital management policies and procedures

The College's capital management objectives are:

- To ensure the College's ability to continue as a going concern.
- To provide an adequate return to shareholders by services commensurately with the level of risk.

The College manages its capital structure in a way it is able to continue as a going concern and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the year.

28 Commitments and contingent liabilities

At the reporting date, the College had no capital commitments or contingent liabilities (2021: RO nil).

There are certain lawsuits against the College in which the legal consultant has confirmed that no financial obligation on all pending cases is expected as of 31 August 2022.

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Notes to the financial statements

For the year ended 31 August 2022

29 Operating Segments

The College operates in one business segment education sector. The operating segment is identified on the basis of internal reports about components of the College that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. The distribution of the College's revenue and fee receivables is as follows:

	2022	2021
	Fee income	Fee
	receivables	receivables
	RO	RO
Sultanate of Oman	3,944,029	437,618
	<u> </u>	<u> </u>
	4,686,792	560,019
	<u> </u>	<u> </u>

30 Subsequent Events

There are no significant subsequent events after the reporting date up to the date of approval of these financial statements.

31 COVID Pandemic

The World Health Organization declared on 11 March 2020 the outbreak of novel coronavirus (COVID-19) as a pandemic on a global level.

The Pandemic continues to spread and has impacted various sectors and businesses across the globe and forced many countries (including the Sultanate of Oman) to impose various precautionary measures to protect the health and safety of its people.

These measures resulted in disruption in businesses and affected various sectors of the economy. Although the disruption is still expected to be temporary, there is still uncertainty regarding the duration of these precautionary measures. Therefore, the related financial impact cannot be reasonably estimated at this time.

32 Effects of Ukraine Invasion

In February 2022, Russia's invasion of Ukraine with the possibility of other nations also getting embroiled in this raging conflict, has led to an adverse impact on production and supply chains of businesses to varying degrees, including but not limited to oil & gas, banking, food, transportation, travel and other commercial operations. As a consequence, the liquidity, solvency and existence of business entities have come under varying degrees of stress. It is not possible to reliably estimate the impact of the crisis on the Company's future financial and operational condition.

There have been no other material events occurring after the reporting date, that require adjustment to, or disclosure in, the financial statements.

33 Approval of the Financial Statements

These financial statements were approved and authorised for issue by the Board of Directors on 27 October 2022.