

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2023**

Registered office and principal place of business:

PO Box 710, PC 112
Ruwi, Muscat
Sultanate of Oman

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

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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

Qualified Opinion

We were engaged to audit the financial statements of Majan College SAOG (Majan University College) ['the College'], which comprise the statement of financial position as at 31 August 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at 31 August 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis for Qualified Opinion

Investment at amortised cost referred in note 9 on page 23 amounting to RO 7,370,730 (net), represents the amounts financed to a related party under the title of a musharaka scheme. The agreement provides that the principal sums may be re-invested in another musharaka arrangement after the expiry of the original agreement, but the profit or interest will be received in cash. We could not find evidence that the College received this profit or interest in cash. Rather, the accrued interest was also reinvested as a part of further financing, which was not stipulated in the agreement.

We did not receive any documentary evidence that these investments were made on the authority of shareholders' approval in a general meeting as required by Article 135 of Decision No. 27/2021, the Regulations issued for the Public Joint Stock Companies, which state that the transactions and contracts with related parties which are not normal or not in the ordinary course of business shall be approved by the annual general meeting. As per article 139 the transactions in violation of the rules for related party transactions shall be null and void and will be invalid against the College and shareholders.

Since these investments constitute a fundamental part of the net assets of the College, the above stated non-compliance may bring financial implications for the financial statements that may be difficult to determine at the reporting date and accordingly, we are unable to determine any adjustments that might be needed due to these financial implications.

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

Report on the audit of the financial statements (continued)

Key audit matters

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 year. 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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <i>Fees receivables and allowance for expected credit loss on fees receivables</i> | |
| <p>Fees receivables and allowance for expected credit losses amounting to RO 1,563,247 and RO 1,100,240 respectively represent a significant balance in the statement of financial position. Further, the allowance for expected credit loss is a significant estimate.</p> <p>We considered this area as a key audit matter due to the materiality of the balances and the allowance for expected credit losses involves judgement and must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Testing the accuracy of the ageing of fees receivables; • Assessing the operating effectiveness of the credit process; • Verifying the data underlying the approved provisioning policy and its computation; • Reviewing the methodology used and assess the reasonableness of assumptions used in preparing the estimate; • Tested the collections subsequent to the reporting date |

Other matters

The financial statements of the College for the year ended 31 August 2022 were audited by another auditor, whose report dated 27 October 2022, expressed an unqualified opinion on those financial statements.

Other information

Management is responsible for the other information. The other information comprises the Board of Director's report, Management Discussion and Analysis Report and any other information, but does not include the financial statements and our auditor's report thereon.

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

Report on the audit of the financial statements (continued)

Other information (continued)

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law 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 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 financial statements.

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

Report on the audit of the financial statements (continued)

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

As part of an audit in accordance with ISAs, 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.

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.

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

Report on the audit of the financial statements (continued)

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

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, actions taken to eliminate threats or safeguards applied.

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 year 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 the public interest benefits of such communication.


Report on other legal and regulatory requirements

We report that the financial statements of the College as at and for the year ended 31 August 2023, comply in all material respects, with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, and the relevant disclosure requirements for Public Joint Stock Companies, issued by the Capital Market Authority, except for below:

As per the Article 135 of Decision No. 27/2021, the Regulations issued for the Public Joint Stock Companies, the transactions and contracts with related parties which are not normal or not in the ordinary course of business shall be approved by the annual general meeting, provided the approval shall be explicitly for each transaction solely and shall contain all the details related thereto. However, we are unable to ascertain whether the investments or reinvestments made by the College with the related parties, referred in note 9 and 20 on page 23 and 28 respectively and note 10 on page 24 were approved in the annual general meeting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jim Joseph Itty.

CROWE MAK GHAZALI LLC


Jim Joseph Itty
Engagement Partner

Muscat, Sultanate of Oman
30 October 2023



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023

| | <u>Note</u> | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|-------------------------------------|-------------|--------------------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 7 | 3,229,767 | 3,448,621 |
| Deferred tax assets | 26(b) | 275,285 | 257,237 |
| | | <u>3,505,052</u> | <u>3,705,858</u> |
| Current assets | | | |
| Fees and other receivables | 8 | 789,351 | 1,157,200 |
| Investments at amortised cost | 9 | 7,370,730 | 6,418,857 |
| Investments at FVTPL | 10 | 1,275,722 | 1,322,350 |
| Cash and bank balances | 11 | 1,065,295 | 712,965 |
| | | <u>10,501,098</u> | <u>9,611,372</u> |
| Total assets | | <u>14,006,150</u> | <u>13,317,230</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 12 | 9,000,000 | 9,000,000 |
| Legal reserve | 13 | 1,621,157 | 1,571,098 |
| Retained earnings | | 1,793,087 | 1,342,554 |
| Total equity | | <u>12,414,244</u> | <u>11,913,652</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Employees' end of service benefits | 15 | 650,614 | 566,933 |
| Student security deposits | 16 | 236,755 | 260,555 |
| | | <u>887,369</u> | <u>827,488</u> |
| Current liabilities | | | |
| Trade and other payables | 17 | 601,511 | 405,088 |
| Income tax payable | 26(a) | 103,026 | 171,002 |
| | | <u>704,537</u> | <u>576,090</u> |
| Total liabilities | | <u>1,591,906</u> | <u>1,403,578</u> |
| Total equity and liabilities | | <u>14,006,150</u> | <u>13,317,230</u> |
| Net assets per share | 18 | <u>0.138</u> | <u>0.132</u> |

These financial statements were approved and authorised for issue on 30-10-2023..... and signed on the shareholders' behalf by:

CHAIRMAN



DEAN

The notes on pages 10 to 36 form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2023**

| | <u>Note</u> | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|--|-------------|--------------------------|--------------------------|
| Income | | | |
| Fee income | 21 | 3,830,953 | 3,944,029 |
| Other income | 22 | 178,792 | 247,602 |
| Investment income | 23 | 397,202 | 580,020 |
| Total income | | <u>4,406,947</u> | <u>4,771,651</u> |
| Expenses | | | |
| Salaries and staff related costs | 24 | (2,450,159) | (2,287,735) |
| General and administrative expenses | 25 | (1,011,789) | (877,783) |
| Depreciation | 7 | (329,788) | (354,372) |
| Allowance for expected credit losses | | (27,790) | (45,817) |
| Foreign exchange gain/(loss) | | 183 | (25,592) |
| Finance cost on short term borrowings | | (2,034) | - |
| Total expenses | | <u>(3,821,377)</u> | <u>(3,591,299)</u> |
| Profit before income tax | | 585,570 | 1,180,352 |
| Income tax | 26(c) | (84,978) | (175,215) |
| Total comprehensive income for the year | | <u>500,592</u> | <u>1,005,137</u> |
| Basic earnings per share | 19 | <u>0.006</u> | <u>0.011</u> |

The notes on pages 10 to 36 form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2023

| | <u>Share capital</u> <u>RO</u> | <u>Legal reserve</u> <u>RO</u> | <u>Retained earnings</u> <u>RO</u> | <u>Total</u> <u>RO</u> |
|---|---------------------------------------|---------------------------------------|---|---------------------------|
| At 1 September 2021 | 9,000,000 | 1,470,584 | 1,742,931 | 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>11,913,652</u> |
| At 1 September 2022 | 9,000,000 | 1,571,098 | 1,342,554 | 11,913,652 |
| Total comprehensive income for the year | - | - | 500,592 | 500,592 |
| Transfer to legal reserve | - | 50,059 | (50,059) | - |
| At 31 August 2023 | <u>9,000,000</u> | <u>1,621,157</u> | <u>1,793,087</u> | <u>12,414,244</u> |

The notes on pages 10 to 36 form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023**

| | <u>Note</u> | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|--|-------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Cash received from fee income | | 3,955,795 | 4,177,521 |
| Cash paid towards expenses | | (3,179,910) | (3,445,218) |
| Cash from operations | | <u>775,885</u> | <u>732,303</u> |
| Income tax paid | | (171,002) | (242,877) |
| Net cash from operating activities | | <u>604,883</u> | <u>489,426</u> |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 7 | (114,423) | (51,967) |
| Proceeds from disposal of property and equipment | | 252 | 583 |
| Purchase of investments at FVTPL | | - | (80,305) |
| Proceeds from sale of investments at FVTPL | | - | 238,012 |
| Investments manager's receivable | | - | 334 |
| Addition/reinvestment to musharaka investment deposits | | (1,087,987) | (400,000) |
| Maturity/withdrawal of musharaka investment deposits | | 135,900 | 641,650 |
| Reclassification from accrued interest on musharaka deposits | | 790,726 | - |
| Income from investment deposits | | 24,505 | 16,282 |
| Net cash (used in) / from investing activities | | <u>(251,027)</u> | <u>364,589</u> |
| Cash flows from financing activities | | | |
| Dividend paid | | - | (1,305,000) |
| Finance cost on short term borrowings paid | | (2,034) | - |
| Net cash used in financing activities | | <u>(2,034)</u> | <u>(1,305,000)</u> |
| Net change in cash and cash equivalents during the year | | <u>351,822</u> | <u>(450,985)</u> |
| Cash and cash equivalents at the beginning of the year | | 713,829 | 1,164,814 |
| Cash and cash equivalents at the end of the year | 11 | <u>1,065,651</u> | <u>713,829</u> |

The notes on pages 10 to 36 form part of these financial statements.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1 Legal status and principal activities

Majan College SAOG (Majan University College) ('the College') is a public joint stock company (SAOG) incorporated and domiciled on 17 December 1995 in the Sultanate of Oman in accordance with the Commercial Companies Law, 1974 of Sultanate of Oman, replaced by the Commercial Companies Law promulgated by the Royal Decree No. 18/2019.

The College is a subsidiary of Human Investment LLC, an Oman based company, whose registered address is PO 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 PO Box 710, Ruwi, Postal Code 112, the Sultanate of Oman. The College's shares are listed on the Muscat Stock Exchange.

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. 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 relevant disclosures requirements for the public joint stock companies issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

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 most of the transactions are denominated in Rial Omani.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

3 Basis of preparation (continued)

d) Use of estimates

The preparation of financial statement require 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.

4 Adoption of new and amended International Financial Reporting Standards ('IFRS')

New standards, amendments and interpretations to existing IFRS effective 1 September 2022

The College has adopted all new Standards and amendments for the first time for the annual reporting period beginning from 1 September 2022, while has accounted for and disclosed only the relevant and applicable Standards and amendments:

Amendments to IAS 37, IAS 16, IFRS 3 and Annual Improvements to IFRS Standards 2018-2020;

These amendments are not relevant to the financial statements of the College.

Standards, amendments and interpretations to existing IFRS that are not yet effective

The forthcoming requirements of new standards and amendments to existing standards are applicable for future reporting periods.

| Standards/ amendments to standards | Effective date |
|--|-----------------------|
| - IFRS 17 Insurance Contracts and Amendments to IFRS 17. | 1 January 2023 |
| - Amendments to IAS 8: Definition of Accounting Estimates. | 1 January 2023 |
| - Amendment to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies. | 1 January 2023 |
| - Amendment to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. | 1 January 2023 |
| - Amendments to IAS 1: Classification of Liabilities as Current or Non-current. | 1 January 2023 |

Management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

5 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 |
| Computer 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 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) Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment losses. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment category and depreciated in accordance with depreciation policies.

c) Financial assets and financial liabilities

Financial instruments

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those fees receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

5 Summary of significant accounting policies (continued)

c) Financial assets and financial liabilities (continued)

Financial instruments (continued)

The above classification is determined by both:

- the College's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, and administration income, except for impairment of trade receivables and due from related parties which are presented within general and administrative expenses.

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.

The College's cash and cash equivalents, and fees and other receivables, fall into this category of financial instruments.

Financial assets are recognised when the College has become a party to the contractual provisions of the instrument.

d) Financial liabilities

All financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.

e) Impairment

Financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model. 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
- Stage 3 which covers financial assets that have objective evidence of impairment at the reporting date (Stage 3).

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

5 Summary of significant accounting policies (continued)

e) Impairment (continued)

Financial assets (continued)

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.

Non-financial assets

At the end of each reporting period, the management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the management estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of comprehensive income. The management also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of comprehensive income.

f) Fees 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. Bad debts are written-off when there is no possibility of recovery.

The College makes use of a simplified approach in accounting for doubtful receivables 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 provision, the College uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

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

g) Cash and bank balances

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

h) 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 the 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 2023 (continued)

5 Summary of significant accounting policies (continued)

i) Staff terminal benefits

The provision for employees' terminal 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 and the Social Security Law, issued by the way of Royal Decree 53/2023, dated 25 July 2023.

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.

Non-Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees upto the previous reporting period was 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.

During the year, the provision is made as per the requirements of the Oman Labour Law of 2023. Accordingly, the employees are entitled to end of service benefits calculated at the rate of 30 days basic salary for each of the year of continuous service following the date of joining.

This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

j) Leases

The College assesses whether a contract is or contains a lease, at inception of the contract. The College recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements other than the two exempted leases such as short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these exempted leases, the College 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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the College expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

5 Summary of significant accounting policies (continued)

j) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The College applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of non-financial assets' policy.

k) 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.

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.

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.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

5 Summary of significant accounting policies (continued)

m) Fee income

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

- 1 Identifying the contract with a customer;
- 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 from 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 customers is recognised over the time when the service has been consumed by the student. The service is considered to be consumed when the tuition hours are provided. The College's revenue comprises of tuition fee 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 accrual basis in the statement of profit or loss and other comprehensive income.

n) Other income

Other income comprises of 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.

o) Advance income

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

p) Operating expenses

Operating expenses are recognised in the statement of profit or loss and other 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 the 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 the Rial Omani using the closing rate at the reporting date.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

5 Summary of significant accounting policies (continued)

q) Foreign currencies (continued)

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

r) Taxation

Income tax on the profit or loss for the year comprises current and deferred taxation. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity or other comprehensive income.

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 adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the 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. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the College expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

s) Dividends

The Board of Directors recommends to the shareholders dividends to be paid 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 it is declared by the Board of Directors and are approved by the shareholders.

t) Directors' remuneration

The College has internal policy to calculate Directors' remuneration. The College takes into account the Commercial Companies Law of the Sultanate of Oman, 18/2019, such as amended and other latest relevant directives issued by 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.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

5 Summary of significant accounting policies (continued)

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.

6 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 2023 management assesses that the useful lives represent the expected utility of the assets to the College. The carrying amounts are mentioned in note 7. Actual results, however, may vary due to technical obsolescence.

b) *Provision for expected credit losses on fees receivables*

The College uses a provision matrix to calculate ECLs for fees 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 calibrate 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.

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 customer's actual default in the future. The information about the ECLs on the College's fees receivables is disclosed in note 8 and 27.2.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

6 Significant accounting judgments, estimates and assumptions (continued)

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.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

7 Property and equipment

| Cost | <u>Land</u> <u>RO</u> | <u>Buildings</u> <u>RO</u> | <u>Motor</u> <u>vehicles</u> <u>RO</u> | <u>Furniture</u> <u>and</u> <u>fittings</u> <u>RO</u> | <u>Computer</u> <u>and</u> <u>software</u> <u>RO</u> | <u>Library</u> <u>books</u> <u>RO</u> | <u>Capital</u> <u>work-in-</u> <u>progress</u> <u>RO</u> | <u>Total</u> <u>RO</u> |
|---------------------------|--------------------------|-------------------------------|--|--|---|---|---|---------------------------|
| At 1 September 2021 | 1,153,509 | 4,488,160 | 52,300 | 1,120,462 | 906,280 | 347,353 | 698 | 8,068,762 |
| Additions during the year | - | - | - | 30,682 | 21,195 | 90 | - | 51,967 |
| Disposals during the year | - | - | - | (39,496) | (243,170) | (13) | - | (282,679) |
| Transfers during the year | - | - | - | - | 698 | - | (698) | - |
| At 31 August 2022 | 1,153,509 | 4,488,160 | 52,300 | 1,111,648 | 685,003 | 347,430 | - | 7,838,050 |
| At 1 September 2022 | 1,153,509 | 4,488,160 | 52,300 | 1,111,648 | 685,003 | 347,430 | - | 7,838,050 |
| Additions during the year | - | - | - | 75,388 | 37,893 | 1,142 | - | 114,423 |
| Disposals during the year | - | (86,691) | - | (1,110) | (34,221) | (68,226) | - | (190,248) |
| At 31 August 2023 | 1,153,509 | 4,401,469 | 52,300 | 1,185,926 | 688,675 | 280,346 | - | 7,762,225 |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

7 Property and equipment (continued)

| | <u>Land</u> | <u>Buildings</u> | <u>Motor</u> | <u>Furniture</u> | <u>Computer</u> | <u>Library</u> | <u>Capital</u> | <u>Total</u> |
|------------------------------------|-------------|------------------|-----------------|------------------|-----------------|----------------|-----------------|--------------|
| | <u>RO</u> | <u>RO</u> | <u>vehicles</u> | <u>and</u> | <u>and</u> | <u>books</u> | <u>work-in-</u> | <u>RO</u> |
| | | | <u>RO</u> | <u>fittings</u> | <u>software</u> | <u>RO</u> | <u>progress</u> | <u>RO</u> |
| Depreciation and impairment | | | | | | | | |
| 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 |
| Relating to 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 |
| At 1 September 2022 | - | 2,446,280 | 52,300 | 1,006,625 | 540,211 | 344,013 | - | 4,389,429 |
| Charge for the year | - | 223,637 | - | 42,695 | 61,071 | 2,385 | - | 329,788 |
| Relating to disposals | - | (83,202) | - | (1,110) | (34,221) | (68,226) | - | (186,759) |
| At 31 August 2023 | - | 2,586,715 | 52,300 | 1,048,210 | 567,061 | 278,172 | - | 4,532,458 |
| Net book value | | | | | | | | |
| At 31 August 2023 | 1,153,509 | 1,814,754 | - | 137,716 | 121,614 | 2,174 | - | 3,229,767 |
| At 31 August 2022 | 1,153,509 | 2,041,880 | - | 105,023 | 144,792 | 3,417 | - | 3,448,621 |

The land comprises the value of the College campus land and the acquisition cost of the student hostel land. The College campus land and building were provided as non-monetary Government grants by the Sultanate of Oman. At the time of the grant, the campus land and buildings were valued at RO 650,000 and RO 200,000, respectively. The College must obtain prior approval from the Government of the Sultanate of Oman before taking any actions related to this grant.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

8 Fees and other receivables

| | <u>2023</u> | <u>2022</u> |
|--|----------------|------------------|
| | <u>RO</u> | <u>RO</u> |
| Financial assets | | |
| Fees receivables | 1,563,247 | 1,509,780 |
| Less: allowance for expected credit losses (note: 8.1) | (1,100,240) | (1,072,162) |
| | <u>463,007</u> | <u>437,618</u> |
| Accrued interest on investments at amortised cost | 151,760 | 523,133 |
| Less: allowance for expected credit losses | (34) | (28) |
| | <u>151,726</u> | <u>523,105</u> |
| Non-financial assets | | |
| Investment manager's receivable | 12 | 12 |
| Other receivables | 73,122 | 89,966 |
| Prepayments | 101,484 | 106,499 |
| | <u>174,618</u> | <u>196,477</u> |
| | <u>789,351</u> | <u>1,157,200</u> |

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

8.1 The movement in allowance for expected credit loss on fees receivables is as follows (note: 27.2):

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|------------------|------------------|
| | <u>RO</u> | <u>RO</u> |
| Balance at beginning of the year | 1,072,162 | 1,027,443 |
| Provided during the year | 28,078 | 46,421 |
| Reversed during the year | - | (1,702) |
| Balance at end of the year | <u>1,100,240</u> | <u>1,072,162</u> |

9 Investment at amortised cost

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| | <u>RO</u> | <u>RO</u> |
| Investment at amortised cost | 7,372,389 | 6,420,302 |
| Less: allowance for expected credit losses | (1,659) | (1,445) |
| Balance at end of the year | <u>7,370,730</u> | <u>6,418,857</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

9 Investment at amortised cost (continued)

Investment at amortised cost represents an investment placed with Human Investment and Training Corporation, Kuwait, a related party, under Musharka scheme, maturing within half/one year and carry expected profit at the rate of 6% per annum (2022: 6% per annum).

10 Investments at FVTPL

| | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|---------------------------------------|--------------------------|--------------------------|
| Quoted investments (Level 1) | | |
| Oil & Gas | 87,897 | 136,079 |
| Financial services | 38,439 | 25,054 |
| Others | 26,928 | 44,242 |
| | <u>153,264</u> | <u>205,375</u> |
| Unquoted investments (Level 2) | | |
| Real estate | 770,029 | 779,126 |
| Financial services | 352,429 | 337,849 |
| | <u>1,122,458</u> | <u>1,116,975</u> |
| Balance at end of the year | <u>1,275,722</u> | <u>1,322,350</u> |

Quoted investments includes RO 126,336 (2022: RO 161,133) and unquoted investments of RO 1,122,458 (2022: RO 1,116,975) invested in related parties.

10.1 Movement in investments at FVTPL during the year was as follows:

| | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|--|--------------------------|--------------------------|
| Balance at beginning of the year | 1,322,350 | 1,329,682 |
| Purchase of investments | - | 80,305 |
| Proceeds from sale of investments | - | (238,012) |
| Unrealised (loss)/gain on fair value changes of investments (note: 23) | (46,612) | 174,053 |
| Realised gain on sale of investments | - | 3,442 |
| Foreign exchange changes | (16) | (27,120) |
| Balance at end of the year | <u>1,275,722</u> | <u>1,322,350</u> |

10.2 The geographical distribution of the investments in note 9 and 10 is as follows:

| | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|----------------|--------------------------|--------------------------|
| GCC | 8,619,524 | 7,696,965 |
| Other than GCC | 26,928 | 44,242 |
| | <u>8,646,452</u> | <u>7,741,207</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

10 Investments at FVTPL (continued)

10.3 The fair value hierarchy of the investments is as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------|------------------|------------------|
| | <u>RO</u> | <u>RO</u> |
| Amortised cost | 7,370,730 | 6,418,857 |
| Level 1 | 153,264 | 205,375 |
| Level 2 | 1,122,458 | 1,116,975 |
| | <u>8,646,452</u> | <u>7,741,207</u> |

11 Cash and bank balances

| | <u>2023</u> | <u>2022</u> |
|--|------------------|----------------|
| | <u>RO</u> | <u>RO</u> |
| Maturing within three months | | |
| Cash at bank | 1,062,816 | 711,649 |
| Less: allowance for expected credit losses | (356) | (864) |
| | <u>1,062,460</u> | <u>710,785</u> |
| Cash on hand | 2,835 | 2,180 |
| Balance at end of the year | <u>1,065,295</u> | <u>712,965</u> |

11.1 The movement in allowance for expected credit losses on cash at bank is as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------|-------------|
| | <u>RO</u> | <u>RO</u> |
| Balance at beginning of the year | 864 | 1,411 |
| Reversed during the year | (508) | (547) |
| Balance at end of the year | <u>356</u> | <u>864</u> |

12 Share capital

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| | <u>RO</u> | <u>RO</u> |
| Authorised share capital | | |
| 150,000,000 authorised share capital 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 share capital of RO 0.1 each | <u>9,000,000</u> | <u>9,000,000</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

12 Share capital (continued)

Significant shareholders

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

| Name of shareholder | <u>2023</u> | | <u>2022</u> | |
|---------------------------------------|-------------------|--------------------|-------------------|--------------------|
| | <u>Percentage</u> | <u>Shares held</u> | <u>Percentage</u> | <u>Shares held</u> |
| Human Investment LLC - Oman | 76.43% | 68,784,230 | 76.43% | 68,784,230 |
| Oman Chamber of Commerce and Industry | 10.53% | 9,480,000 | 10.53% | 9,480,000 |

13 Legal reserve

As per the Commercial Companies Law of the Sultanate of Oman, annual appropriation of 10% of a company's net profit is to be made to a non-distributable legal reserve, until the amount of legal reserve becomes equal to one-third of the amount of issued share capital. This reserve is not available for distribution.

14 Dividends paid and proposed

The Board of Directors have recommended bonus shares at 7.5% or 0.0075 share for every share (2022: No bonus shares) and cash dividend at 2.5% or RO 0.0025 per share (2022: Nil). The proposed distribution of bonus share and cash dividend are subject to approval of appropriate authorities and of the shareholders at annual general meeting of the College.

15 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:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|----------------|----------------|
| | <u>RO</u> | <u>RO</u> |
| Balance at beginning of the year | 566,933 | 610,360 |
| Provided for the year | 134,383 | 80,297 |
| Payments during the year | (50,702) | (123,724) |
| Balance at end of the year | <u>650,614</u> | <u>566,933</u> |

16 Student security deposits

Student security deposits amounting to RO 236,755 (2022: RO 260,555) include refundable deposit collected from students at the time of registration. These have not been carried at amortised cost as the effect of the discounting is not considered material.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

17 Trade and other payables

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|----------------|----------------|
| | <u>RO</u> | <u>RO</u> |
| a) Financial liabilities | | |
| Trade payables | 318,589 | 173,269 |
| Air passage and leave salaries | 33,889 | 28,053 |
| Withholding tax payable | 20,898 | 8,641 |
| Other accrued expenses | 47,300 | 34,370 |
| | <u>420,676</u> | <u>244,333</u> |
| b) Non-financial liabilities | | |
| Advance tuition fees | 176,139 | 158,123 |
| Other advance income | 4,696 | 2,632 |
| | <u>180,835</u> | <u>160,755</u> |
| | <u>601,511</u> | <u>405,088</u> |

18 Net assets per share

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

| | <u>2023</u> | <u>2022</u> |
|---------------------------------|-------------------|-------------------|
| Net assets value (RO) | 12,414,244 | 11,913,652 |
| Number of shares outstanding | <u>90,000,000</u> | <u>90,000,000</u> |
| Net assets value per share (RO) | <u>0.138</u> | <u>0.132</u> |

19 Basic earnings per share

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

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Profit for the year (RO) | <u>500,592</u> | <u>1,005,137</u> |
| Weighted average number of ordinary shares | <u>90,000,000</u> | <u>90,000,000</u> |
| Basic earnings per shares (RO) | <u>0.006</u> | <u>0.011</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

20 Related party transactions

The College's related parties include its key management personnel and business entities who have the ability to control or exercise significant influence in financial and operating decisions. 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 and the amounts involved during the year are presented below:

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| | <u>RO</u> | <u>RO</u> |
| Income on investments at amortised cost | 419,674 | 386,244 |
| Addition/reinvestment to musharaka investment deposits | 1,087,987 | 400,000 |
| Maturity/withdrawal of musharaka investment deposits | (135,900) | (641,650) |
| Unrealised loss on fair value changes of investment through FVTPL | (29,315) | (1) |
| Key management compensation: | | |
| Salary and related costs | 295,457 | 268,561 |
| Board sitting fees | 22,950 | 25,300 |
| Board of trustee meeting fees | 800 | 1,000 |
| | <u>319,207</u> | <u>294,861</u> |
| 21 Fee income | | |
| | <u>2023</u> | <u>2022</u> |
| | <u>RO</u> | <u>RO</u> |
| Undergraduate income | 4,258,408 | 4,285,493 |
| Post graduate income | 389,749 | 413,084 |
| Less: discount allowed | (817,204) | (754,548) |
| | <u>3,830,953</u> | <u>3,944,029</u> |
| 22 Other income | | |
| | <u>2023</u> | <u>2022</u> |
| | <u>RO</u> | <u>RO</u> |
| Hostel income | 111,480 | 122,520 |
| Rental Income | 28,083 | 24,210 |
| Accreditation of prior learning income | 15,240 | 10,750 |
| Miscellaneous income | 27,226 | 89,539 |
| (Loss)/profit on disposal of property and equipment | (3,237) | 583 |
| | <u>178,792</u> | <u>247,602</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

23 Investment income

| | <u>2023</u> | <u>2022</u> |
|---|----------------|----------------|
| | <u>RO</u> | <u>RO</u> |
| Income on investments at amortised cost and cash at bank | 443,814 | 402,480 |
| Realised gain on sale of investments at FVTPL (note: 10.1) | - | 3,442 |
| Unrealised (loss)/gain on fair value changes of investments at FVTPL (note: 10.1) | (46,612) | 174,053 |
| Dividend income on investments at FVTPL | - | 45 |
| | <u>397,202</u> | <u>580,020</u> |

24 Salaries and staff related costs

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| | <u>RO</u> | <u>RO</u> |
| Salaries and allowances | 2,060,562 | 1,967,342 |
| Other benefits | 149,695 | 143,990 |
| Contributions to social security fund | 105,519 | 96,106 |
| Employees' end of service benefits (note: 15) | 134,383 | 80,297 |
| | <u>2,450,159</u> | <u>2,287,735</u> |

25 General administrative expenses

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|------------------|----------------|
| | <u>RO</u> | <u>RO</u> |
| Postgraduate affiliation fees | 179,678 | 166,951 |
| Undergraduate affiliation fees | 146,715 | 121,534 |
| Repairs and maintenance | 124,646 | 115,755 |
| Utility expenses | 151,431 | 121,042 |
| Advertisement expenses | 66,917 | 65,495 |
| Software license fees | 83,434 | 76,172 |
| Bank charges | 11,882 | 12,199 |
| Legal and professional fees | 61,105 | 46,568 |
| General expenses | 35,415 | 34,592 |
| Board meeting fees | 22,950 | 25,300 |
| Rent expenses | 50,192 | 30,164 |
| Insurance expenses | 6,985 | 9,611 |
| Graduation ceremony expenses | 20,048 | 4,285 |
| Board of trustee meeting fees | 4,250 | 5,600 |
| Stationery and printing | 5,570 | 18,236 |
| Fuel, travelling and hotel expenses | 32,101 | 20,616 |
| Student activities expenses | 8,470 | 3,663 |
| | <u>1,011,789</u> | <u>877,783</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

26 Taxation

In accordance with Ministerial Decision No. 74/2005 received from the Ministry of Finance 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 from the date specified in the decision, which is 29 May 2015. The tax exemption on educational activities expired on 29 May 2015 and hence the College is subject to income tax from 1 June 2015 onwards on all of its income.

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 (2022: 15%).

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

Recognized in the statement of financial position:

| | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|---------------------------------------|--------------------------|--------------------------|
| a) Income tax payable | | |
| Balance at the beginning of the year | 171,002 | 242,310 |
| Provision for the current year tax | 105,904 | 173,431 |
| Tax incentive | (2,878) | (2,429) |
| Prior year tax adjustment | - | 567 |
| Payment made during the year | (171,002) | (242,877) |
| Balance at the end of the year | <u>103,026</u> | <u>171,002</u> |
| b) Deferred tax asset | | |
| Balance at the beginning of the year | 257,237 | 260,883 |
| Recognised/(reversed) during the year | 18,048 | (3,646) |
| Balance at the end of the year | <u>275,285</u> | <u>257,237</u> |

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

31 August 2023

| | <u>As at 1</u> <u>September 2022</u> <u>RO</u> | <u>(Charged)/</u> <u>recognised</u> <u>RO</u> | <u>As at 31</u> <u>August 2023</u> <u>RO</u> |
|--------------------------------------|--|---|--|
| Property and equipment | 110,035 | 6,842 | 116,877 |
| Provisions and fair value adjustment | 147,202 | 11,206 | 158,408 |
| Total deferred tax asset | <u>257,237</u> | <u>18,048</u> | <u>275,285</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

26 Taxation (continued)

b) Deferred tax asset (continued)

31 August 2022

| | As at 1 September 2021 <u>RO</u> | (Charged)/ recognised <u>RO</u> | As at 31 August 2022 <u>RO</u> |
|--------------------------------------|--|---------------------------------------|--------------------------------------|
| 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>260,883</u> | <u>(3,646)</u> | <u>257,237</u> |

Recognized in the statement of comprehensive income:

| | <u>2023</u> <u>RO</u> | <u>2022</u> <u>RO</u> |
|------------------------------|--------------------------|--------------------------|
| c) Income tax expense | | |
| Current period tax expense | 105,904 | 173,431 |
| Deferred tax asset | (18,048) | 3,646 |
| Tax incentive | (2,878) | (2,429) |
| Prior period tax adjustment | - | 567 |
| | <u>84,978</u> | <u>175,215</u> |

d) Current status of the tax assessment

Tax assessments of the College have been completed up to the year 2020. Management is of the view that, additional taxes, if any, which may become payable on the completion of assessments of the open years, would not be significant to the financial position of the College at the reporting date.

27 Financial instruments risks

Risk management objectives and policies

The College does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the College is exposed to are described below.

27.1 Market risk analysis

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The College is not significantly exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which results from its operating activities.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

27 Financial instruments risks (continued)

27.1 Market risk analysis (continued)

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the College's transactions are carried out in the Rial Omani. Exposure to currency exchange rates arise from the College's overseas transactions, which are primarily denominated in the US Dollar (USD), Kuwaiti Dinar (KWD) and Great Britain Pound (GBP).

To mitigate the College's exposure to foreign currency risk, non-Rial Omani cash flows are monitored.

Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The College's policy is to minimise interest rate cash flow risk exposures on long term financing.

The College has term deposits and investment at amortized cost that yield interest. However, they are not subject to variations and are fixed.

27.2 Credit risk analysis

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 receivables from customers and cash at bank.

Credit risk management

The credit risk is managed on a group basis based on the College's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks are managed via balances held with major reputable financial institutions.

The credit terms range up to 7 months for fees receivable, the period of one semester offered at College. The credit terms for students are negotiated subject 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 credit basis are regularly reviewed for ageing analysis, together with credit limits per customer.

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

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

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

27 Financial instruments risks (continued)

27.2 Credit risk analysis (continued)

| Credit rating | Exposure at year end <u>RO</u> | <u>PD</u> % | <u>LGD</u> % | <u>ECL</u> <u>RO</u> |
|--|--------------------------------------|----------------|-----------------|-------------------------|
| <i>31 August 2023</i> | | | | |
| Cash and cash equivalent | 1,062,816 | 0.270 | 45 | 356 |
| Investments at amortised cost | 7,372,389 | 0.050 | 45 | 1,659 |
| Accrued interest on investments at amortised cost | 151,760 | 0.050 | 45 | 34 |
| | <u>8,586,965</u> | | | <u>2,049</u> |
| <i>31 August 2022</i> | | | | |
| Cash and cash equivalent | 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> |

Expected credit loss on fees receivables

The College applies the IFRS 9 simplified model of recognising lifetime expected credit losses for fees receivables (except from 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 fees 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 years. These are then adjusted for the current economic outlook of the geographical region to which the receivables belong.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

27 Financial instruments risks (continued)

27.2 Credit risk analysis (continued)

Expected credit loss on fees receivables (continued)

| | <u>Expected credit loss rate</u> % | <u>Gross carrying amount</u> RO | <u>Loss allowance</u> RO |
|-------------------------|---|--|---------------------------------|
| <i>31 August 2023</i> | | | |
| Not past due | 0.50 | 310,988 | 1,164 |
| 210-365 days past due | 21.00 | 43,351 | 8,999 |
| 365-730 days past due | 53.00 | 106,743 | 47,913 |
| 731-1,095 days past due | 66.00 | 100,459 | 66,303 |
| 1,096-1,460 days due | 80.00 | 51,338 | 39,868 |
| More than 1,460 days | 100.00 | 950,368 | 935,993 |
| | | <u>1,563,247</u> | <u>1,100,240</u> |
| <i>31 August 2022</i> | | | |
| Not past due | 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> |

27.3 Liquidity risk analysis

Liquidity risk also referred to as funding risk is the risk that the College will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The College's maximum exposure to liquidity risks is limited to the carrying amount of financial liabilities recognised at the reporting date, as summarised below:

| | <u>2023</u> RO | <u>2022</u> RO |
|---|-------------------|-------------------|
| Non-interest bearing: | | |
| Trade payables and accruals (note: 17(a)) | 420,676 | 244,333 |
| Student security deposits (note: 16) | 236,755 | 260,555 |
| | <u>657,431</u> | <u>504,888</u> |

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

27 Financial instruments risks (continued)

27.3 Liquidity risk analysis (continued)

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

| | <u>Upto</u> <u>6 months</u> <u>RO</u> | <u>7 to 12</u> <u>months</u> <u>RO</u> | <u>Above</u> <u>1 year</u> <u>RO</u> | <u>Total</u> <u>RO</u> |
|--------------------------------|---|--|--|---------------------------|
| <i>31 August 2023</i> | | | | |
| Non-interest bearing: | | | | |
| Student security deposits | 12,150 | 39,450 | 185,155 | 236,755 |
| Trade payable | 296,556 | 22,033 | - | 318,589 |
| Air passage and leave salaries | 33,889 | - | - | 33,889 |
| Other accrued expenses | 68,198 | - | - | 68,198 |
| | <u>410,793</u> | <u>61,483</u> | <u>185,155</u> | <u>657,431</u> |
| <i>31 August 2022</i> | | | | |
| Non-interest bearing: | | | | |
| Student security deposits | 32,300 | 24,700 | 203,555 | 260,555 |
| Trade payable | 165,467 | 7,302 | 500 | 173,269 |
| Air passage and leave salaries | 28,053 | - | - | 28,053 |
| Other accrued expenses | 43,011 | - | - | 43,011 |
| | <u>268,831</u> | <u>32,002</u> | <u>204,055</u> | <u>504,888</u> |

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

28 Fair value estimation

The fair value of publicly traded investments is based on quoted market prices at the reporting date.

The carrying amount of all financial assets and liabilities approximated their fair value.

The College measures fair value using the following fair value hierarchy that reflects the significance of the input used in the making the measurements:

Level 1

Level 1 assets and liabilities are typically exchange-traded positions traded in active markets. These positions are valued using unadjusted quoted prices in active markets.

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023 (continued)

28 Fair value estimation (continued)

Level 2

Fair value is determined using valuation techniques based on valuation models with directly or indirectly market observable inputs. These valuation techniques include discounted cash flow analysis models, option pricing models, simulation models and other standard models commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, such as discount rates, default rates, credit spreads and option volatilities. These inputs need to be directly or indirectly observable in order to be classified as level 2. The College has made unquoted investments under level 2.

Level 3

Level 3 assets are valued using techniques similar to those outlined for level 2, except that if the instrument has one or more inputs that are unobservable and significant to the fair value measurement of the instrument in its entirety, it will be classified as level 3.

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy of the investment securities during the year.

The College's quoted shares are valued using Level 1 methods based on quoted prices in active markets. Whereas the College's unquoted shares are valued using the Level 2 methods based on the discounted cash flow analysis model.

29 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.

30 Contingent liabilities and other commitments

The College has no contingent liabilities as at 31 August 2023 (2022: RO Nil).

31 Subsequent events

There are no significant subsequent events after the date of the statement of financial position to the date of approval of these accounts.