

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

Financial Statements

For the year ended 31 August 2021
Together with Independent Auditor's Report

MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Financial Statements

For the year ended 31 August 2021

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 2021, 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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the College in accordance with 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.

Other Matter

The financial statements of the College for the year ended 31 August 2020 were audited by another firm of Chartered Accountants who expressed an unqualified opinion in their report dated 28 October 2020.

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 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.

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

Key Audit Matters *(continued)*

Allowance for impaired of fees and other receivables

The College is required to regularly assess the recoverability of fees and other receivables, was significant to our audit due to value of amount aged greater than the credit term extended to students.

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

The College's disclosure includes in Note 7 to the financial statements, which 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 year-end to determine any remaining exposure at the date of financial report;
- Test the aging of fee 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 fee receivables; and
- Assess the appropriateness of the College's disclosures as per relevant IFRSs.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with applicable provisions of the Commercial Companies Law 18/2019 of the Sultanate of Oman, the rules and guidelines issued by the Capital Market Authority, 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.

The Board of Directors is responsible for overseeing the College's financial reporting process.

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

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.

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 management, 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 management 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.

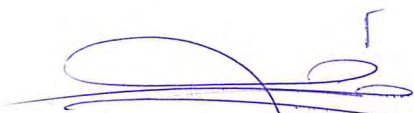
From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public 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 the public interest benefits of such communication.

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

Report on Other Legal and Regulatory Requirements

Further, we report that the financial statements of **MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)** as at 31 August 2021, comply in all material respects, with the requirements of the Commercial Companies Law of 18/2019 of the Sultanate of Oman.

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


Baker Tilly MKM (Oman) LLC
Muscat
Date: 28 October 2021



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Statement of financial position

As at 31 August 2021

	Notes	2021 RO	2020 RO
Assets			
Non-current assets			
Property, plant and equipment	6	3,751,026	4,084,898
Deferred tax asset	25c	260,883	84,940
Total non-current assets		4,011,909	4,169,838
Current assets			
Fees and other receivables	7	802,394	2,262,179
Investments at amortised cost	8	6,660,453	4,249,044
Investments at fair value through profit or loss	9	1,329,682	-
Cash and cash equivalents	10	1,163,403	4,267,509
Total current assets		9,955,932	10,778,732
Total assets		13,967,841	14,948,570
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11	9,000,000	9,000,000
Legal reserve	12	1,470,584	1,335,492
Retained earnings		437,931	527,101
Proposed dividends	13	1,305,000	1,305,000
Total shareholders' equity		12,213,515	12,167,593
Liabilities			
Non-current liabilities			
Employees' end of service benefits	14	610,360	657,966
Student security deposits	15	327,805	401,305
Total Non-current liabilities		938,165	1,059,271
Current liabilities			
Trade and other payables	16	556,271	1,404,002
Provision for taxation	25a	242,310	287,305
Withholding tax payable	25b	17,580	30,399
Total current liabilities		816,161	1,721,706
Total liabilities		1,754,326	2,780,977
Total shareholders' equity and liabilities		13,967,841	14,948,570
Net asset per share	17	0.136	0.135

These financial statements as set out on pages 5 to 35 were approved by the Board of Directors of the College on 28 October 2021 and were signed on the Board's 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 2021

	Notes	2021 RO	2020 RO
Income			
Fee income	20	4,686,792	5,672,501
Investment income	21	301,631	395,430
Other income	22	39,458	162,594
Total income		5,027,881	6,230,525
Expenses			
Salaries and staff related costs	23	(2,187,994)	(2,478,918)
General and administrative expenses	24	(1,055,039)	(1,577,567)
Depreciation	6	(384,527)	(235,824)
Expected credit losses		(5,948)	(34,425)
Foreign exchange gain		23,330	3,252
Total expenses		(3,610,178)	(4,323,482)
Profit before tax for the year		1,417,703	1,907,043
Income tax expense	25d	(66,781)	(289,007)
Net profit after tax for the year		1,350,922	1,618,036
Other comprehensive income		-	-
Net profit and total comprehensive income		1,350,922	1,618,036
Basic earnings per share	18	0.015	0.018



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 2021

	Share capital RO	Legal reserve RO	Retained earnings RO	Proposed dividends RO	Total RO
2021					
At 1 September 2020	9,000,000	1,335,492	527,101	1,305,000	12,167,593
Net profit and total comprehensive income	-	-	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	9,000,000	1,470,584	437,931	1,305,000	12,213,515
2020					
At 1 September 2019	9,000,000	1,173,688	375,869	1,305,000	11,854,557
Net profit and total comprehensive income	-	-	1,618,036	-	1,618,036
Legal reserve	-	161,804	(161,804)	-	-
Dividends paid	-	-	-	(1,305,000)	(1,305,000)
Proposed dividends for 2020	-	-	(1,305,000)	1,305,000	-
At 31 August 2020	9,000,000	1,335,492	527,101	1,305,000	12,167,593



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 2021

	Notes	2021 RO	2020 RO
Cash flow from operating activities:			
Cash received from fee income		5,439,204	5,092,166
Cash paid towards expenses		(3,701,741)	(4,749,368)
Income tax paid	25	(300,538)	(385,588)
Net cash generated from/ (used in) operating activities		1,436,925	(42,790)
Cash flow from investing activities:			
Purchase of property, plant and equipment	6	(54,333)	(322,011)
Proceeds from disposal of property, plant and equipment		2,554	7,780
Short term deposits maturing after more than three months		-	5,195,700
Purchase of investments at FVTPL	9	(1,849,862)	-
Proceeds from sale of investments at FVTPL	9	482,439	-
Musharaka investment deposits		(2,373,367)	(750,000)
Income from Musharaka investment deposits		553,112	244,318
Investments managers receivable		(348)	-
Net cash (used in)/ generated from investing activities		(3,239,806)	4,375,787
Cash flow from financing activities:			
Payment of dividends	13	(1,305,000)	(1,305,000)
Net cash (used in) financing activities		(1,305,000)	(1,305,000)
Net (decrease)/increase in cash and cash equivalents		(3,107,881)	3,027,997
Cash and cash equivalents at the beginning of the year	10	4,272,695	1,244,698
Cash and cash equivalents at the end of the year	10	1,164,814	4,272,695
Cash and cash equivalents comprise of the following			
Cash at bank		1,161,855	4,269,564
Cash on hand		2,959	3,131
Balance at the end of the year	10	1,164,814	4,272,695



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 2021

1 Legal status and nature of operation

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 in accordance with the Commercial Companies Law of Sultanate of Oman 1974. The New Commercial Companies Law promulgated by the Royal Decree No. 18/2019 (the Commercial Companies Law of the Sultanate of Oman) was issued on 13 February 2019 which has replaced the Commercial Companies Law of 1974. As per the articles of the Royal Decree No. 18/2019, the new Commercial Companies Law has come into force on 17 April 2019 and the Companies should comply with the new law within 1 year from 17 April 2019. The College's registration number is 1506609.

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 P O Box 710, Ruwi, Postal Code 112, the Sultanate of Oman. The College's shares are listed on the Muscat Securities Market.

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 2017 and shall continue until 31 August 2021. 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 (IFRSs) 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 the 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 2021

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 most of the transactions are denominated in Rial Omani.

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.

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

For the year ended 31 August 2021, 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 beginning on or after 1 September 2020.

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 beginning on or after 1 September 2020 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 2021

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 for the period ended 31 August 2021.

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 dates shown, and hence have not been early adopted by the College in preparing the financial statements for the period ended 31 August 2021. The College intends to apply these standards from the application date as indicated below.

- | | | |
|---|---|----------------|
| • 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 16 | <i>Property, Plant and Equipment</i> | 1 January 2022 |
| • Amendments to IAS 37 | <i>Provisions, Contingent Liabilities and Contingent Assets</i> | 1 January 2022 |
| • 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 Company 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 Company in the year of their initial application.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2021

4 Summary of significant accounting policies

a Property, plant and equipment

Property, plant 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, plant 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, plant and equipment category and depreciated in accordance with depreciation policies.

c 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 its 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 asset measured at amortised cost are investments at amortised cost, cash at bank and fee receivables.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2021

4 Summary of significant accounting policies (continued)

d 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 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.

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. Dividends income from financial assets at fair value through profit or loss is recognised in the College's statement of comprehensive income as part of dividends income when the Group's right to receive payments is established.

e Impairment of assets

Financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model. Instruments within the scope of the new requirements included financial assets measured at amortised cost, such as trade receivables measured under IFRS 15. Recognition of credit losses is no longer dependent on the College first identifying a credit loss event, instead the College considers a broader 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.

In the prior period, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2021

4 Summary of significant accounting policies (continued)

e Impairment of assets (continued)

Non financial assets

In accordance with IFRS the carrying value 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 carrying value and 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.

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

g Cash and cash equivalents

Cash and cash equivalents 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 2021

4 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, 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 terminal 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 terminal benefits are payable on termination of employment.

j 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.

Right-of-use assets

The College recognises right-of-use-assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2021

4 Summary of significant accounting policies (continued)

j Leases (continued)

Lease liabilities

At the commencement date of the lease, the College recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in - substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the College and payments of penalties for terminating a lease, if the lease term reflects the College exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the College uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a change in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

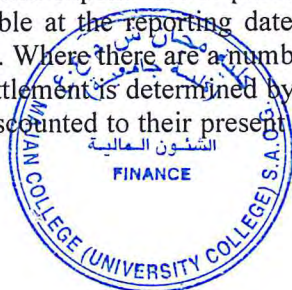
The College applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that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

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.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2021

4 Summary of significant accounting policies (continued)

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.

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 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 profit or loss and other 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 2021

4 Summary of significant accounting policies (continued)

o Advance income

Any fee 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.

An exchange difference on settlement of monetary items or on translation is 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 period, using the tax rates ruling at the reporting date.

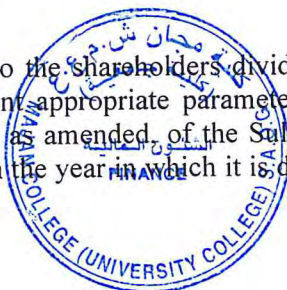
Deferred tax

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 period 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.

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.

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.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2021

4 Summary of significant accounting policies (continued)

t Directors' remuneration

The College follows 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 profit or loss and other 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:

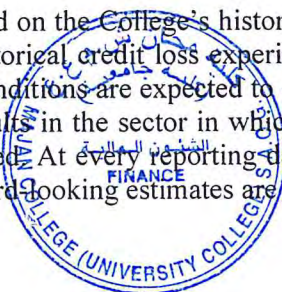
a Useful lives and residual values of property, plant and equipment

Management reviews the useful lives of depreciable assets at each reporting date. At 31 August 2021 management assesses 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 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.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to the financial statements

For the year ended 31 August 2021

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 customer'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 the short duration between the declaration of the pandemic and 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 financial statements

For the year ended 31 August 2021

6 Property, plant and equipment

The movement in property, plant and equipment for the year is set out as below:

31 August 2021	Land RO	Buildings RO	Motor vehicles RO	Furniture and fittings RO	Computer 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 during the year	-	-	-	12,736	41,381	216	-	54,333
Disposals during the year	-	-	-	(132,862)	-	-	-	(132,862)
At 31 August 2021	1,153,509	4,488,160	52,300	1,120,462	906,280	347,353	698	8,068,762
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
Relating to the disposals	-	-	-	(129,184)	-	-	-	(129,184)
At 31 August 2021	-	2,201,102	51,837	1,008,796	714,769	341,232	-	4,317,736
Net book value								
At 31 August 2021	1,153,509	2,287,058	463	111,666	191,511	6,121	698	3,751,026



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

6 Property, plant and equipment (continued)

The movement in property, plant and equipment for the year is set out as below:

31 August 2020	Land RO	Buildings RO	Motor vehicles RO	Furniture and fittings RO	Computer and software RO	Library books RO	Capital work in progress RO	Total RO
At 1 September 2019	1,153,509	2,340,744	70,100	1,133,048	754,643	344,641	2,052,508	7,849,193
Additions during the year	-	1,860	-	19,769	843	2,527	297,012	322,011
Transfer during the year	-	2,145,556	-	87,771	115,495	-	(2,348,822)	-
Disposals during the year	-	-	(17,800)	-	(6,082)	(31)	-	(23,913)
At 31 August 2020	1,153,509	4,488,160	52,300	1,240,588	864,899	347,137	698	8,147,291
Depreciation								
At 1 September 2019	-	1,823,018	62,224	1,056,915	575,596	332,426	-	3,850,179
Charge for the year	-	122,136	5,983	34,980	68,069	4,656	-	235,824
Relating to the disposals	-	-	(17,800)	-	(5,781)	(29)	-	(23,610)
At 31 August 2020	-	1,945,154	50,407	1,091,895	637,884	337,053	-	4,062,393
Net book value								
At 31 August 2020	1,153,509	2,543,006	1,893	148,693	227,015	10,084	698	4,084,898



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

6 Property, plant and equipment (continued)

The land comprises the acquisition cost of 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 RO 850,000 non-monetary grant of 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 prior approval of the Government of the Sultanate of Oman.

	2021 RO	2020 RO
7 Fee and other receivables		
Financial assets		
Fee receivables	1,587,462	2,829,475
Less: Provision for expected credit loss (note 7.1)	(1,027,443)	(1,024,564)
	<u>560,019</u>	<u>1,804,911</u>
Accrued investment deposit income	136,889	333,575
Less: Provision for expected credit loss	(31)	(75)
	<u>136,858</u>	<u>333,500</u>
Non-financial assets		
Other receivables	50,426	65,790
Prepayments	55,091	57,978
	<u>105,517</u>	<u>123,768</u>
	<u><u>802,394</u></u>	<u><u>2,262,179</u></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.

7.1 At 31 August 2021, the movement in provision for expected credit loss on fee receivables is as follows:

	2021 RO	2020 RO
Balance at beginning of the year	1,024,564	1,002,154
Provided during the year	9,224	36,946
Reversed during the year	(6,345)	(14,536)
Balance at end of the year	<u><u>1,027,443</u></u>	<u><u>1,024,564</u></u>



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

	2021 RO	2020 RO
8 Investment at amortised cost		
Investment at amortised cost	6,661,952	4,250,000
Provision for expected credit losses	(1,499)	(956)
Balance at the end of the year	<u>6,660,453</u>	<u>4,249,044</u>

Investment at amortised cost represents an investment placed with Human Investment and Training Corporation, Kuwait (2020: Jiyad Holding Company, Kuwait) under Musharka scheme, maturing within one year and carry expected profit at the rate of 6% per annum.

	2021 RO	2020 RO
9 Investments at fair value through profit or loss		
Quoted GCC investments in Kuwait market		
Real Estate	681,017	-
Oil & Gas	158,685	-
Financial services	248,893	-
Others	241,087	-
At 31 August	<u>1,329,682</u>	<u>-</u>

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

Purchase of investments	1,849,862	-
Proceeds from sale of investments	(482,439)	-
Unrealised loss on fair value changes of investments (Note 21)	(73,173)	-
Realised gain on sale of investments (Note 21)	18,379	-
Foreign exchange changes	17,053	-
Balance at the end of the year	<u>1,329,682</u>	<u>-</u>

10 Cash and cash equivalents

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

Maturing within three months

Cash at bank	1,161,855	4,269,564
Provision for expected credit loss	(1,411)	(5,186)
Cash on hand	<u>1,160,444</u>	<u>4,264,378</u>
Balance at the end of the year	<u>2,959</u>	<u>3,131</u>
	<u>1,163,403</u>	<u>4,267,509</u>



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

10 Cash and cash equivalents (continued)

10.1 At 31 August 2021, the movement in provision for expected credit loss on cash at bank is as follows:

	2021 RO	2020 RO
Balance at the beginning of the year	5,186	7,815
Provided during the year	-	5,186
Reversed during the year	(3,775)	(7,815)
Balance at the end of the year	<u>1,411</u>	<u>5,186</u>

11 Share capital

Authorised share capital

150,000,000 authorised share capital of RO 0.1 each 15,000,000 15,000,000

Subscribed and paid up share capital

90,000,000 fully paid up share capital of RO 0.1 each 9,000,000 9,000,000

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	9,480,000	10.5	9,480,000

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 for the shareholders. During the year ended 31 August 2021 an amount of RO 135,092 has been transferred to the legal reserve (August 2020: RO 161,804).

13 Dividends paid and proposed

A cash dividend of RO 1,305,000 (2020: RO 1,305,000), was paid during the year based on the approval of the shareholders meeting held on 24 November 2020. An old dividend balance for the year ended 31 August 2020, of RO 3,276 has not been claimed by the shareholders, hence, the College has transferred the amount to the CMA Investors Fiduciary Fund.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

13 Dividends paid and proposed (continued)

The Board of Directors at their meeting held on 28 October 2021, have proposed a cash dividend of RO 0.0145 per share for the year ended 31 August 2021 (2020: RO 0.0145 per share) aggregating to RO 1,305,000 (2020: RO 1,305,000). The proposed cash dividend is subject to formal approval of the shareholders at their annual general meeting and regulatory authorities.

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 period is as follows:

	2021 RO	2020 RO
Balance at beginning of the year	657,966	639,718
Provided for the the year	86,436	98,631
Payments during the year	(134,042)	(80,383)
	<u>610,360</u>	<u>657,966</u>

15 Student security deposits

Student security deposits amounting to RO 327,805 (August 2020: RO 401,305) 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.

	2021 RO	2020 RO
16 Trade and other payables		
a Financial liabilities		
Trade payables	281,710	398,115
Air passage and leave salaries	23,009	183,414
Other accrued expenses	68,539	164,512
Director's remuneration payable	-	24,609
	<u>373,258</u>	<u>770,650</u>
b Non-financial liabilities		
Advance tuition fees	182,653	626,906
Other advance income	360	6,446
	<u>556,271</u>	<u>1,404,002</u>



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

17 Net assets per share

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

	2021	2020
Net assets value	12,213,515	12,167,593
Number of shares outstanding	90,000,000	90,000,000
Net assets value per share	0.136	0.135

18 Basic earnings per share

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

	2021	2020
Profit for the year	1,350,922	1,618,036
Numbers of ordinary shares outstanding	90,000,000	90,000,000
Basic earnings per shares	0.015	0.018

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 belows:

	2021 RO	2020 RO
Salary and related costs	262,936	271,794
Board sitting fees	25,000	21,400
Directors' remuneration	-	24,609

20 Fee income

Undergraduate income
Post graduate income
Less: Discounts allowed

4,169,923	4,136,064
986,406	1,902,617
(469,537)	(366,180)
4,686,792	5,672,501



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

	2021 RO	2020 RO
21 Investment income		
Income on investments at amorised cost and cash at bank	356,338	395,430
Realised gain on sale of investments at FVTPL (Note 9.1)	18,379	-
Unrealised loss on fair value changes of investments at FVTPL	(73,173)	-
Dividends income of investments at FVTPL	87	-
	<u>301,631</u>	<u>395,430</u>
22 Other income		
Miscellaneous income	19,262	38,634
Accreditation of prior learning income	12,000	21,445
Rental income	9,320	20,878
(Loss)/profit on disposal of property, plant and equipment	(1,124)	7,477
Hostel income	-	74,160
	<u>39,458</u>	<u>162,594</u>
23 Salaries and staff related costs		
Salaries and allowances	1,889,788	2,146,457
Other benefits	123,848	157,415
Contributions to social security fund	87,922	76,415
Employees' end of service benefits	86,436	98,631
	<u>2,187,994</u>	<u>2,478,918</u>
24 General administrative expenses		
Postgraduate affiliation fees	391,896	699,730
Undergraduate affiliation fees	204,656	262,925
Utility expenses	81,550	111,381
Repairs and maintenance	77,268	92,540
Software license fees	76,557	96,194
Legal and professional fees	48,873	51,140
Miscellaneous expenses	28,922	26,060
Advertisement expenses	45,227	53,844
Rent expenses	34,288	60,835
Board meeting/sitting fees	25,000	21,400
Bank charges	19,219	18,681
Insurance expenses	9,267	9,515
Stationery and printing	7,374	3,391
Student activities expenses	3,196	3,467
Fuel, travelling and hotel expenses	1,646	13,180
Board of Trustees' meeting fees	100	4,150
Directors' remuneration	-	24,609
Graduation ceremony expenses	-	24,525
	<u>1,055,039</u>	<u>1,577,567</u>



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

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 shall continue to be exempt from tax for a period of additional five years till 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 for the year 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 (2020: 15%).

	2021 RO	2020 RO
a Provision for taxation		
Balance at the beginning of the year	287,305	323,923
Provision for the current year tax	242,310	287,305
Prior period tax adjustment	414	(175)
Payment made during the year	(287,719)	(323,748)
Balance at the end of the year	<u>242,310</u>	<u>287,305</u>
b Withholding tax payable		
Balance at the beginning of the year	30,399	92,239
Payment made during the year (net)	(12,819)	(61,840)
Balance at the end of the year	<u>17,580</u>	<u>30,399</u>
c Deferred tax asset		
Balance at the beginning of the year	84,940	86,818
Recognised/(reversed) during the year	175,943	(1,878)
Balance at the end of the year	<u>260,883</u>	<u>84,940</u>
Recognised in the statement of comprehensive income		
d Income tax expense		
Current year tax expense	242,310	287,305
Prior year tax adjustment	414	(176)
Deferred tax	(175,943)	1,878
	<u>66,781</u>	<u>289,007</u>



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

	2021 RO	2020 RO
25 Taxation (continued)		
e Reconciliation of income tax expense		
Net profit before tax	1,417,703	1,907,043
Add:		
Depreciation as per audited accounts	384,527	235,824
Unrealised loss on fair value changes of investments at FVTPL	73,173	-
Unrealised foreign exchange	34,583	-
Provision for expected credit losses	5,948	34,425
Loss on disposals of property plant and equipment	1,124	-
Tax consultancy fees	950	950
	<u>1,918,008</u>	<u>2,178,242</u>
Less:		
Tax depreciation	(296,262)	(240,860)
Credit losses of previous years	(6,345)	(14,536)
Profit on disposals of property plant and equipment	-	(7,477)
	<u>1,615,401</u>	<u>1,915,369</u>
Taxable income		
	<u>1,615,401</u>	<u>1,915,369</u>
Tax rate	15%	15%
Income tax	<u>242,310</u>	<u>287,305</u>

f **Current status of the tax assessment**

The College's taxation assessments have been finalised with the Tax Authority for all years till 2017. 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 would not be material to the College's financial position.

26 **Financial instruments risks**

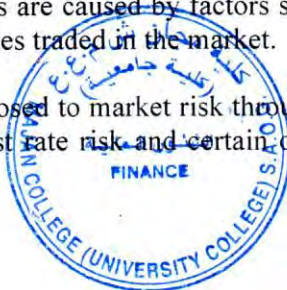
Risk management objectives and policies

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.

26.1 **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.



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Notes to interim financial statements

For the year ended 31 August 2021

26 Financial instruments risks (continued)

26.1 Market risk analysis (continued)

Foreign currency sensitivity

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), KWD and 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.

26.2 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.

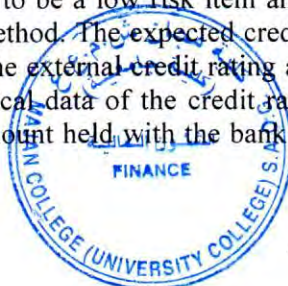
Credit risk management

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 fee 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.



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Notes to financial statements

For the year ended 31 August 2021

26 Financial instruments risks (continued)

26.2 Credit risk analysis (continued)

Credit rating	Exposure at period end RO	PD %	LGD %	ECL RO
31 August 2021				
Cash and cash equivalent	1,161,855	0.27	45	1,411
Investment at amortised cost	6,661,952	0.05	45	1,499
Accrued interest on investment at amortised cost	136,889	0.05	45	31
	<u>7,960,696</u>			<u>2,941</u>
31 August 2020				
Cash and cash equivalent	4,269,564	0.27	45	5,186
Investments at amortised cost	4,250,000	0.05	45	956
Accrued interest on investments at amortised cost	333,575	0.05	45	75
	<u>8,853,139</u>			<u>6,217</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 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 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 economic outlook of the geographical region to which the receivables belong.



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Notes to financial statements

For the year ended 31 August 2021

26 Financial instruments risks (continued)

26.2 Credit risk analysis (continued)

	Expected credit loss rate %	Gross carrying amount RO	Loss allowance RO
31 August 2021			
Not past due	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>
31 August 2020			
Not past due	0.50	1,160,493	2,991
210-365 days past due	21.00	574,823	21,554
365-730 days past due	53.00	93,239	48,886
731-1,095 days past due	66.00	77,564	50,862
1,096-1,460 days due	80.00	52,680	40,744
More than 1,460 days	100.00	870,676	859,527
		<u>2,829,475</u>	<u>1,024,564</u>

26.3 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:

	2021 RO	2020 RO
Non-interest bearing:		
Trade payables and accruals (note 16a)	373,258	770,650
Student security deposits (note 15)	327,805	401,305
	<u>701,063</u>	<u>1,171,955</u>



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Notes to financial statements

For the year ended 31 August 2021

26.3 Liquidity risk analysis (continued)

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

	Upto 6 months RO	7 to 12 months RO	Above 1 year RO	Total RO
31 August 2021				
Non-interest bearing				
Student security deposits	-	-	327,805	327,805
Trade payable	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>
31 August 2020				
Non-interest bearing				
Student security deposits	-	-	401,305	401,305
Trade payable	398,115	-	-	398,115
Air passage and leave salaries	183,414	-	-	183,414
Other accrued expenses	164,512	-	-	164,512
Directors' remuneration	24,609	-	-	24,609
	<u>770,650</u>	<u>-</u>	<u>401,305</u>	<u>1,171,955</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.

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 period/year ended.

28 Contingent liabilities and other commitments

The College has no contingent liabilities as at 31 August 2021 (31 August 2020: RO Nil).

29 Prior year comparatives

Certain balances from the prior year have been reclassified to conform to the present year presentation.



MAJAN COLLEGE SAOG (MAJAN UNIVERSITY COLLEGE)

Notes to financial statements

For the year ended 31 August 2021

30 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 other than below.

Subsequent to the date of the financial statements, 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 have 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 expected to be temporary, there is uncertainty regarding the duration of these precautionary measures. Therefore, the related financial impact cannot be reasonably estimated at this time.

