AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

Consolidated Financial Statements and Independent Auditor's Report
For the year ended December 31, 2023

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Independent Auditor's Report

To the Shareholders,

Al Khaleej Training and Education Company

(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Khaleej Training and Education Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, endorsed in the Kingdom of Saudi Arabia (the "Code") that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Regarding Prior Years' Adjustments

We draw attention to note 33 of these consolidated financial statements which describes prior years' adjustments. Consequently, the consolidated statement of financial position as at January 1, 2022 and December 31, 2022, the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the year ended December 31, 2022 were restated to reflect these adjustments. Our opinion is not modified with respect to this matter.

Independent Auditor's Report (Continued)

To the Shareholders,

Al Khaleej Training and Education Company

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill The carrying value of goodwill as at December 31, 2023 amounted to SR 67.4 million (December 31, 2022: SR 65.7 million). The impairment assessment for the goodwill is considered a key audit matter due to the significant judgments made by management with respect to the revenue growth rate and pre-tax discount rate. The Group's management performs an impairment test annually on the recoverability of the goodwill and assesses the recoverable amount of the cash-generated unit (CGU) to which the goodwill relates in order to determine if an impairment exists. The management booked an impairment of SR 19.1 million during the year. Refer to notes 5(b), 6.3, and 10 in the consolidated financial statements for the accounting policy and related disclosures.	Our procedures included the following: - Evaluated the methodology used by management to determine the recoverable amount based on value-in-use techniques; - Assessed the appropriateness of the assumptions applied to key inputs such as cashflow projections, terminal value and discount rate and performed a sensitivity analysis on those key assumptions; - Engaged our experts to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates; and - Evaluated the adequacy of the Group's consolidated financial statements disclosures for compliance with the requirements of the relevant accounting standards.

Independent Auditor's Report (Continued)

To the Shareholders,

Al Khaleej Training and Education Company

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables As at December 31, 2023, the gross trade receivables amounted to SR 555.7 million (December 31, 2022: SR 487.6 million), against which a provision for impairment of SR 139.4 million was being maintained (December 31, 2022: SR 109.1 million). In accordance with the requirements of IFRS 9 'Financial Instruments', the Group has applied the expected credit loss model to account for the impairment of trade receivables. The application of the expected credit loss model to account for the impairment of trade receivables was considered a key audit matter, as the determination of the impairment of trade receivables using the expected credit loss model includes significant judgments and estimates that might have a material impact on the consolidated financial statements of the Group. Refer to notes 5(a), 5(b), 6.8, 16 and 32 in the consolidated financial statements for the accounting policy and related disclosures.	Our procedures included the following: - Tested the completeness and accuracy of underlying information used in the model and checked the arithmetical accuracy of the computation of ECL. - Evaluated the reasonableness of key assumptions made and judgments applied; - Engaged our experts to verify the methodology of the ECL model developed by the management's experts with the requirements of IFRS 9; and - Evaluated the adequacy of the Group's consolidated financial statements disclosures for compliance with the requirements of the relevant accounting standards.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on the consolidated financial statements on Shawwal 24, 1444H (corresponding to May 14, 2023G).

Other Information

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's annual report for 2023 is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when made available to us and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's annual report for 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

To the Shareholders,

Al Khaleej Training and Education Company

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (Continued)

To the Shareholders,

Al Khaleej Training and Education Company

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated 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.

Baker Tilly MKM & Co.
Certified Public Accountants

Bader Hatem Al Tamimi
(License No. 489)
Riyadh on Ramadan 28, 1445 H
Corresponding to April 7, 2024 G

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AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Saudi Riyals)

	Notes	December 31, 2023	December 31, 2022 (Restated, note 33)	January 1, 2022 (Restated, note 33)
ASSETS				
Non-current assets				
Property and equipment	7	**638,681,991**	553,614,490	451,462,614
Right of use assets	8	**512,122,090**	529,976,699	541,272,233
Investments in equity instruments carried at fair value through other comprehensive income	9	**146,561,754**	275,592,374	308,366,773
Intangible assets	10	**115,621,150**	110,872,995	58,579,524
Net investment in leases	8	**64,704,592**	61,970,600	64,024,236
Financial derivative instrument carried at fair value through profit or loss	11	**4,882,345**	6,923,382	3,112,228
Recoverable amount from employees' benefits	20	**12,145,459**	10,188,303	7,740,337
Total non-current assets		**1,494,719,381**	1,549,138,843	1,434,557,945
Current assets				
Inventories	12	**3,974,303**	7,519,296	9,640,686
Prepayments and other receivables	14	**46,979,397**	33,914,960	77,144,307
Contract assets	13	**46,296,421**	46,111,957	35,627,070
Trade receivables	16	**416,362,895**	378,480,873	328,116,455
Current portion of net investment in leases	8	**8,488,870**	8,488,870	6,219,957
Due from related parties	15	**4,056,758**	9,588,371	4,307,051
Cash and cash equivalents	17	**28,906,359**	43,285,791	123,043,672
Total current assets		**555,065,003**	527,390,118	584,099,198
Assets classified as held for sale	23	**9,963,197**	10,259,500	-
Total assets		**2,059,747,581**	2,086,788,461	2,018,657,143

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Saudi Riyals)

	Notes	December 31, 2023	December 31, 2022 (Restated, note 33)	January 1, 2022 (Restated, note 33)
EQUITY AND LIABILITIES				
EQUITY				
Share capital		**650,000,000**	650,000,000	650,000,000
Statutory reserve		**83,043,571**	83,043,571	83,043,571
Actuarial reserve		**(56,650,746)**	(45,798,387)	(40,220,672)
Accumulated losses		**(186,724,542)**	(124,829,630)	(109,518,125)
Foreign currency translation reserve		**(7,062,748)**	(7,343,044)	(6,501,895)
Fair value reserve		**(21,965,752)**	16,967,583	49,741,981
Total equity attributable to the shareholders of the Company		**460,639,783**	572,040,093	626,544,860
Non-controlling interests	18	**36,093,570**	35,493,676	3,517,416
Total equity		**496,733,353**	607,533,769	630,062,276
LIABILITES				
Non-current liabilities				
Lease liabilities	8	**681,554,290**	674,268,787	678,544,160
Long-term borrowings	19	**228,585,961**	98,845,446	-
Long-term retention		**-**	6,821,526	1,399,513
Employees' end of service benefits	20	**97,444,482**	85,102,499	83,232,596
Deferred gain from sale and leaseback transactions	8	**8,439,358**	9,243,106	10,046,854
Total non-current liabilities		**1,016,024,091**	874,281,364	773,223,123
Current liabilities				
Short-term borrowings and bank-overdrafts	19	**203,129,001**	149,866,529	166,173,347
Current portion of long-term borrowings	19	**48,452,325**	180,942,983	218,882,714
Current portion of deferred gain from sale and leaseback transactions	8	**803,748**	803,748	803,748
Current portion of lease liabilities	8	**67,887,676**	99,812,584	100,882,983
Trade and other payables	21	**132,277,742**	99,229,780	86,304,932
Due to related parties	15	**1,513,577**	12,117,950	263,277
Contract liabilities	13	**63,175,476**	43,775,036	31,311,175
Zakat and income tax payable	22	**25,262,044**	13,207,190	10,749,568
Total current liabilities		**542,501,589**	599,755,800	615,371,744
Liabilities directly associated with assets classified as held for sale	23	**4,488,548**	5,217,528	-
Total liabilities		**1,563,014,228**	1,479,254,692	1,388,594,867
Total equity and liabilities		**2,059,747,581**	2,086,788,461	2,018,657,143

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Sherif Esmat	**Hatem Aldarayan**	**Abdulaziz Alrashed**

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	Notes	2023	2022 (Restated, note 33)
Continuing operations			
Revenue	31	**983,649,765**	877,215,390
Cost of revenue	25	**(759,163,287)**	(731,938,956)
Gross profit		**224,486,478**	145,276,434
Selling and marketing expenses	26	**(15,147,208)**	(17,349,650)
General and administrative expenses	27	**(118,735,125)**	(88,894,669)
Impairment loss on trade receivables	16	**(31,159,375)**	(8,700,660)
Impairment of goodwill	10	**(19,127,745)**	-
Other income	28	**30,453,459**	28,557,959
Operating profit		**70,770,484**	58,889,414
Finance cost	29	**(73,383,120)**	(56,337,224)
Finance income	8	**3,178,275**	3,277,755
Unrealized (loss) / profit on financial derivative instrument carried at fair value through profit or loss	11	**(2,041,036)**	3,811,154
(Loss) / profit before zakat and income tax		**(1,475,397)**	9,641,099
Zakat and income tax	22	**(29,519,021)**	(13,088,836)
Loss from continuing operations		**(30,994,418)**	(3,447,737)
Loss from discontinued operations	23	**(2,478,245)**	(5,025,547)
Net loss for the year		**(33,472,663)**	(8,473,284)
Net (loss) / profit for the year attributable to:			
Shareholders of the Company		**(42,017,933)**	(15,311,505)
Non-controlling interest		**8,545,270**	6,838,221
		(33,472,663)	(8,473,284)
Basic and diluted earnings per share for loss attributable to the shareholders of the Company			
- from continuing operations	30	**(0.61)**	(0.16)
- from discontinued operations	30	**(0.04)**	(0.08)

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
Sherif Esmat	Hatem Aldarayan	Abdulaziz Alrashed

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	Notes	2023	2022 (Restated note33)
Net loss for the year		**(33,472,663)**	(8,473,284)
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**280,296**	(841,149)
Items that will not be reclassified subsequently to profit or loss:			
Change in the fair value of investments in equity instruments carried at fair value through other comprehensive income	9	**(38,933,335)**	(32,774,398)
Remeasurement loss on employees' end of service benefits	20	**(11,006,306)**	(5,577,715)
Other comprehensive loss for the year		**(49,659,345)**	(39,193,262)
Total comprehensive loss for the year		**(83,132,008)**	(47,666,546)
Total comprehensive (loss) / income for the year attributable to:			
Shareholders of the Company		**(91,523,331)**	(54,504,767)
Non-controlling interest		**8,391,323**	6,838,221

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Sherif Esmat	**Hatem Aldarayan**	**Abdulaziz Alrashed**

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	Attributable to the shareholders of the Company								
	Share capital	**Statutory reserve**	**Actuarial reserve**	**Accumulated losses**	**Foreign currency translation reserve**	**Fair value reserve**	**Total**	**Non-controlling interests ("NCI")**	**Total equity**
Balance as at January 1, 2022 (As issued)	650,000,000	83,043,571	(40,220,672)	(7,465,538)	(2,728,551)	54,241,981	736,870,791	3,517,416	740,388,207
Impact of adjustments for prior years (Note 33)	-	-	-	(102,052,587)	(3,773,344)	(4,500,000)	(110,325,931)	-	(110,325,931)
Balance at January 1, 2022 (Restated)	650,000,000	83,043,571	(40,220,672)	(109,518,125)	(6,501,895)	49,741,981	626,544,860	3,517,416	630,062,276
Net loss for the year (Restated - note 33)	-	-	-	(15,311,505)	-	-	(15,311,505)	6,838,221	(8,473,284)
Other comprehensive loss for the year	-	-	(5,577,715)	-	(841,149)	(32,774,398)	(39,193,262)	-	(39,193,262)
Total comprehensive loss for the year	-	-	(5,577,715)	(15,311,505)	(841,149)	(32,774,398)	(54,504,767)	6,838,221	(47,666,546)
Acquisition during the year	-	-	-	-	-	-	-	27,914,220	27,914,220
Dividends paid (note 18)	-	-	-	-	-	-	-	(2,776,181)	(2,776,181)
Balance as at December 31, 2022 (Restated)	650,000,000	83,043,571	(45,798,387)	(124,829,630)	(7,343,044)	16,967,583	572,040,093	35,493,676	607,533,769
Net loss for the year	**-**	**-**	**-**	**(42,017,933)**	**-**	**-**	**(42,017,933)**	**8,545,270**	**(33,472,663)**
Other comprehensive loss for the year	**-**	**-**	**(10,852,359)**	**-**	**280,296**	**(38,933,335)**	**(49,505,398)**	**(153,947)**	**(49,659,345)**
Total comprehensive loss for the year	**-**	**-**	**(10,852,359)**	**(42,017,933)**	**280,296**	**(38,933,335)**	**(91,523,331)**	**8,391,323**	**(83,132,008)**
Acquisition of NCI (Note 2a)	**-**	**-**	**-**	**(19,876,979)**	**-**	**-**	**(19,876,979)**	**(10,723,021)**	**(30,600,000)**
Acquisition of a subsidiary (Note 2b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,400,977**	**8,400,977**
Dividends paid (note 18)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,469,385)**	**(5,469,385)**
Balance as at December 31, 2023	**650,000,000**	**83,043,571**	**(56,650,746)**	**(186,724,542)**	**(7,062,748)**	**(21,965,752)**	**460,639,783**	**36,093,570**	**496,733,353**

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board of Directors**
Sherif Esmat	**Hatem Aldarayan**	**Abdulaziz Alrashed**

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	Notes	2023	2022
			(Restated, note 33)
Cash flows from operating activities			
(Loss) / profit before zakat and income tax from continuing operations		**(1,475,397)**	9,641,099
Loss from discontinued operations		**(2,478,245)**	(5,025,547)
Adjustments for non-cash items:			
Depreciation of property and equipment	7	**25,413,375**	28,917,414
Depreciation of right of use assets	8	**47,492,301**	48,611,099
Amortization of intangible assets	10	**6,075,373**	4,713,181
Impairment of goodwill	10	**19,127,745**	-
Deferred gain from sale and leaseback transactions	8	**(803,748)**	(803,748)
Provision for employees' end of service benefits	20	**12,740,931**	15,859,568
Impairment loss on trade receivables	16	**31,159,375**	8,700,660
Unrealized loss/ (profit) on financial derivative instrument carried at fair value through profit or loss	11	**2,041,036**	(3,811,154)
Gain from disposal of right of use assets		**(5,340)**	-
Finance cost		**73,383,120**	56,337,224
Finance income		**(3,178,275)**	(3,277,755)
Loss on disposal of a discontinued operation	23	**744,554**	-
		210,236,805	159,862,041
Changes in working capital items:			
Inventories		**3,629,950**	2,213,599
Prepayments and other receivables		**(13,113,226)**	46,066,805
Contract assets		**(184,464)**	(10,484,887)
Trade receivables		**(69,566,974)**	(45,717,011)
Due from related parties		**6,233,827**	(2,709,217)
Trade and other payables		**20,051,747**	3,484,345
Due to related parties		**(11,801,740)**	(145,327)
Contract liabilities		**19,402,989**	12,463,861
		164,888,914	165,034,209
Employees' end of service benefits paid	20	**(17,085,725)**	(28,399,720)
Recoverable amount from employees' benefits received		**875,045**	-
Zakat and income tax paid	22	**(17,187,936)**	(10,781,842)
Net cash generated from continuing operating activities		**131,490,298**	125,852,647
Changes in working capital related to assets and liabilities classified as held for sale		**(584,298)**	(165,522)
Net cash generated from operating activities		**130,906,000**	125,687,125
Cash flows from investing activities			
Purchase of property and equipment	7	**(79,073,021)**	(90,538,046)
Purchase of intangible assets	10	**(8,663,374)**	(1,312,487)
Net cash outflow on disposal of a subsidiary	23	**(22,769)**	-
Net cash used in acquisition of subsidiaries	2(b)	**(28,647,235)**	(57,357,850)
Proceeds from net investment in leases		**444,283**	3,062,479
Proceeds from sale of investment in equity instruments carried at fair value through other comprehensive income	9	**90,097,286**	-
Net cash used in investing activities		**(25,864,830)**	(146,145,904)

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Saudi Riyals)

	Notes	2023	2022 (Restated, note 33)
Cash flows from financing activities			
Proceeds from long-term loans and borrowings		**72,111,748**	54,126,875
Repayment of long-term loans and borrowings		**(74,861,891)**	(3,536,045)
Net change in short-term borrowings		**52,089,164**	(15,699,055)
Principal element of lease liabilities paid		**(55,252,853)**	(42,782,906)
Interest elements of lease liabilities paid		**(40,762,295)**	(39,812,525)
Finance cost paid		**(37,303,198)**	(20,410,131)
Acquisition of further shares in Al – Faisaliyah National Schools Company	2(a)	**(30,600,000)**	-
Additional paid in capital by non-controlling interests		**-**	11,026,327
Dividends paid	18	**(5,469,385)**	(2,776,181)
Net cash used in financing activities		**(120,048,710)**	(59,863,641)
Net change in cash and cash equivalents during the year		**(15,007,540)**	(80,322,420)
Cash and cash equivalents at the beginning of the year	17	**40,169,514**	119,751,811
Effects of exchange rate changes on cash and cash equivalents		**(838,849)**	740,123
Cash and cash equivalents at end of the year	17	**24,323,125**	40,169,514
Non-cash investing transactions			
Additions to right of use assets and lease liabilities		**25,590,359**	7,974,806
Finance cost related to lease liabilities capitalized to property and equipment		**490,776**	471,900
Finance cost related to borrowings capitalized to property and equipment	7	**7,326,145**	4,914,984
Retentions made against capital work in progress		**5,023,111**	5,422,013
Deferred consideration for acquisition of shares in Al – Faisaliyah National Schools Company – LTD		**-**	12,000,000

Non-cash investing activities disclosed in other notes are:

- Disposal of OTA (a fully owned subsidiary) on April 2, 2023 – refer to note 23.
- Acquisition of Al-Riyadah Model Education Company on August 1, 2023 – refer to note 2(b).
- Acquisition of Al-Roqi National Schools Company on January 1, 2022 – refer to note 34 of prior year consolidated financial statements.
- Acquisition of Al – Faisaliyah National Schools Company – LTD on 1 August 2022 – refer to note 34 of prior year consolidated financial statements.

Chief Financial Officer **Sherif Esmat**	**Chief Executive Officer** **Hatem Aldarayan**	**Chairman of Board of Directors** **Abdulaziz Alrashed**

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

(Saudi Riyals)

1. COMPANY INFORMATION AND PRINCIPAL ACTIVITIES

Al Khaleej Training and Education Company ("the Company") is a Saudi Joint Stock Company registered under commercial registration number 1010103367 dated Jamada Al Awal 30, 1413 H (corresponding to November 25, 1992 G). The registered address of the head office is building number 8480, unit number 5, Wadi Al-Thumamah, Olaya, Riyadh 12213, Kingdom of Saudi Arabia.

The Company and its subsidiaries (collectively, "the Group") are engaged in operating schools for primary and secondary education with an international curriculum, IT & Computer training institutes, teaching languages and communication skills' institutes, providing high management consulting services and integrated office administrative services activities.

2. LIST OF PRINCIPAL SUBSIDIARIES

The Group's principal subsidiaries as at the year-end are set out below. The share capital of the subsidiaries consists solely of ordinary shares that are held directly by the Company. The country of incorporation mentioned in the table below is also the principal place of business of each respective subsidiary, except as otherwise stated.

Name of subsidiary	Country of incorporation	Activities	Ownership interest % held by the Company	
			December 31, 2023	December 31, 2022
Advanced Communication Systems and Solutions Company	KSA	Information, communications, administrative activities and support services	**100%**	100%
Al-Faisaliyah National Schools Company – LTD (refer 2(a))	KSA	Education	**87%**	60%
Al – Roqi National Schools Company – LTD	KSA	Education	**60%**	60%
Al-Riyadah Model Education Company (refer 2(b))	KSA	Education	**51%**	-
Fast Lane Computer Consultancy (Civil Business Corporation)	UAE	Computer skills training	**80%**	80%
Stage 2 Learning Solutions (Civil Business Corporation)	UAE	Computer systems consultancies	**80%**	80%
Franklin Covey Middle East and its subsidiaries	UAE	Training in human resource behavior	**61%**	61%
Online Trading Academy FZ – LTD (refer note 23)	UAE	Training in trade in the financial markets	**-**	100%
Jobzella for Information Technology FZ – LLC	Incorporated in UAE, operating in Egypt	Professional online career network for job seekers and employers to connect	**60%**	60%
Al Khaleej Training and Information Technology Company	Egypt	Training courses for English and IT	**57%**	57%
Linguaphone Group Limited	United Kingdom	A world-leading provider of self-study and classroom-based language courses	**100%**	100%

(Saudi Riyals)

2. LIST OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Acquisitions and investments

a) During the year, the management completed the allocation of the purchase consideration to identifiable assets and liabilities of Al – Faisaliyah National Schools Company. This resulted in downward fair value adjustment of property and equipment amounting to SR 1.1 million and recognition of an intangible asset amounting to SR 12.6 million representing students' relationship list. These adjustments have resulted in the reduction of the goodwill recognized previously based on the provisional fair value by an amount of SR 6.9 million and increase in the non-controlling interest by an amount of SR 4.6 million.

Furthermore, on Dhul Qadah 24, 1444H (corresponding to June 13, 2023G), the Company acquired further 27% shares in Al – Faisaliyah National Schools Company for a total consideration of SR 30.6 million, resulting in an increase in its shareholding from 60% to 87%. Immediately prior to the purchase, carrying amount of the 27% of the non-controlling interest ("NCI") was SR 10.7 million. The purchase was accounted for as an equity transaction with the owners with no impact on the consolidated statement of profit or loss. The difference of SR 19.9 million between the carrying value of the share of NCI acquired and the consideration paid was recorded under equity as part of accumulated losses.

b) On August 1, 2023, the Group acquired 51% of the voting shares of Al-Riyadah Model Education Company for a consideration of SR 29.1 million. The Group acquired Al-Riyadah Model Education Company as part of the plan to expand its business in the education sector. As of the year end, the management is in the process of allocating the purchase consideration to identifiable assets and liabilities of Al-Riyadah Model Education Company. Accordingly, the acquisition date accounting has been done on the basis of the provisional fair values. Any subsequent adjustments to these provisional fair values used will be retrospectively adjusted in the goodwill recognized in the consolidated statement of financial position.

The assets and liabilities recognized as a result of the acquisition are as follow:

	August 1, 2023
Property and equipment	18,894,008
Right of use assets	4,125,781
Prepayments and other receivables	106,325
Due from related parties	702,214
Trade receivables	975,340
Cash and cash equivalents	422,765
Lease liabilities	(5,117,189)
Employees' end of service benefits	(250,000)
Trade and other payables	(1,517,027)
Due to related parties	(1,197,367)
Net identifiable assets acquired	**17,144,850**
Less: Non-controlling interests	(8,400,977)
Add: Goodwill arising on acquisition (note 10)	20,326,127
Purchase consideration	**29,070,000**

3. BASIS OF PREPARATION

a) Statement of compliance with IFRS

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (herein after referred to as "IFRS").

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method;
- Investments in equity instruments measured at fair value through other comprehensive income; and
- Financial derivative instrument measured at fair value through profit or loss.

Furthermore, these consolidated financial statements are prepared using the accrual basis of accounting and the going concern basis.

c) Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals (SR), which is the Company's functional and the Group's presentation currency.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries subject to control as set out in note 2.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company directly or indirectly has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION (CONTINUED)

d) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

4. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) New and amended IFRSs applied with no material effect on the consolidated financial statements

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements for the year ended December 31, 2023 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022, except for the adoption of certain amendments which became effective for annual periods starting on or after January 1, 2023.

The Group applies, for the first time, the following amendments:

- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

These new amendments had no material impact on the consolidated financial statements of the Group.

b) New and amended IFRSs in issue but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The following new and amended standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current liabilities with covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of exchangeability

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes certain judgements, estimates and assumptions regarding the future. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

a) Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Segmentation of trade receivables

Due to the diversity of the Group's customer base and different loss patterns for different customers, the Group perform segmentation of the trade receivables using appropriate groupings based on the historical credit loss experiences and shared characteristics. The Group has segmented its customer base into different segments based on the Group's line of business and customer type (government customer vs. non-government customer).

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the consolidated financial statements for the year ended December 31, 2023, are as follows:

Useful lives of the property and equipment

An estimate of the useful lives of property and equipment is made to calculate depreciation expense. Such an estimate is made based on the expected useful lives of relevant assets.

The useful lives of the Group's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology (refer to note 6.4).

Goodwill – Annual impairment testing of goodwill

Goodwill impairment tests are performed for the group of cash generating units ("CGU") to which goodwill is allocated. The group of CGU is defined based on certain acquisitions and CGU's arising from those acquisitions. The structure and groups of CGU are assessed on an annual basis. The impairment test of goodwill is performed at least annually for each group of CGUs to which goodwill is allocated. To determine the value in use, the discounted cash flow models are used.

The most important parameters in the impairment test include assumptions related to revenue growth rate and pre-tax discount rates. Also refer to note 10 for sensitivity related to these assumptions for the respective CGU.

Impairment loss on financial assets

The impairment loss on financial assets is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

b) Assumptions and estimation uncertainties (continued)

Measurement of employees' end of service benefits' liability

The value of the employees' end of service benefits' liability under the defined benefit plan is determined using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality and inflation rates. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

Uncertain zakat positions

The Group's current zakat payable relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat items, it is possible that, on finalization of open zakat assessments at a future date, the final outcome may differ significantly. Note 22 describes the status of zakat assessments.

Determining the discount rate for lease payments

Lease payments are discounted using the Group's Incremental Borrowing Rate ("IBR"). Management exercises judgment in determining IBR at the commencement of a lease (refer to note 6.5).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. This method involves determining the fair values of the considerations transferred by the Group to the former owners and assets and liabilities of the acquiree as of the date of acquisition. These fair values are determined using different fair valuation models involving use of certain estimates and assumptions.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

6.1 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

Assets are current when they are:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period or;
- Cash and cash equivalents unless restricted from being exchanged or used to settle any liabilities for at least twelve months after the reporting period.

All other assets are classified as "non-current".

All liabilities are determined to be current when:

- They are expected to be settled in the normal operating cycle;
- Are held primarily for the purpose of trading;
- Are due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liabilities for at least twelve months after the reporting period.

All other liabilities are classified as "non-current".

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.2 Business combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquiree. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss as a bargain purchase gain.

6.3 Goodwill

Goodwill is initially recognized and measured as set out in note 6.2.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the Consolidated Statement of Profit or Loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.4 Property and equipment

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation, and any accumulated impairment loss. If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Capital work in progress is stated at cost and not depreciated. Depreciation on capital work in progress commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to property and equipment or intangible assets. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended use.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statement of profit or loss. Land and capital work in progress are not depreciated.

The estimated depreciation rates based on the useful lives of the property and equipment for current and comparative periods are as follows:

Description	Useful life (years)
Buildings	15 – 50
Furniture, office equipment and tools	4 – 10
Leasehold improvements	16.67 years or lease period whichever is less
Vehicles	7 – 10

The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in the consolidated statement of profit or loss.

6.5 Leases

a) The Group as lessee

The Group assesses whether a contract contains a lease, at the inception of the contract. For all such lease arrangements, the Group recognize right of use assets and lease liabilities except for the short-term leases and leases of low-value assets as follows:

Right of use assets

The Group recognizes 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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized 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.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.5 Leases (continued)

a) The Group as lessee (continued)

Lease liabilities

At the commencement date of the lease, the Group recognizes 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is determined with reference to the readily observable amortizing loan rate available to the lessee which has a payment profile similar to that of lease.

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 in-substance fixed lease payments, or a change in the assessment to purchase the underlying asset.

Short-term leases

The Group 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). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

b) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is recognized in profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives (note 10(a)) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

6.7 Impairment testing of non-financial assets other than goodwill

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for other publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.7 Impairment testing of non-financial assets other than goodwill (continued)

Impairment losses of the continuing operations, if any, are recognized in the consolidated statement of profit or loss in the year in which such impairment arises and in the expense category consistent with the function of the impaired asset. An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the extent so as not to cause the carrying amount of the asset to exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statement of profit or loss.

6.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortized cost

After initial measurement, financial assets at amortized cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Equity instruments designated at fair value through OCI

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in the consolidated statement of comprehensive income. Equity investments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes certain derivative instruments related to interest rate swap agreements which the Group has entered into to manage the interest rate risk.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.8 Financial instruments (continued)

a) Financial assets (continued)

Impairment of financial assets (continued)
For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition
A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss (FVPL), loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at amortised cost (loans and borrowings and retentions)
After initial recognition, interest-bearing loans and borrowings and retentions are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments
Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.9 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and cash in hand.

6.10 Employees' end of service benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plan

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses (excluding finance expense) are recognized immediately in the consolidated statement of comprehensive income. The Group determines the net finance expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net finance expenses and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statement of profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Recoverable amount from employees' benefits

The Group provides certain employees ("the Outsourced Employees") to its customers under contractual agreements. The customer under such contracts is responsible for all employee-related costs, including end-of-service benefits, for the Outsourced Employees.

The Group estimates the liability for end-of-service benefits for the Outsourced Employees as of each reporting date or at the time an employee leaves the Group, in accordance with the Group's established policy for employees' end of service benefits.

The Group has a corresponding contractual right to recover these end-of-service benefit costs from the customers. To reflect this right, the Group recognizes an equal-value asset titled "Recoverable amount from employees' benefits" in the consolidated statement of financial position.

The Group assesses the recoverability of the amount from the customers on an ongoing basis. The recoverable amount is reduced by any portion deemed uncollectible based on the customer's creditworthiness or other relevant factors (if necessary). Recovery of the asset occurs when the customer reimburses the Group for the end of service benefits paid to the Outsourced Employee which is at the time of voluntary leaving the Group or upon termination or when the Outsourced Employee reaches the maturity of contractual terms as defined in their employee contract.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.11 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group, and amounts can be estimated reliably. The 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.

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. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided as a provision.

6.12 Zakat and income tax

Zakat

The Company and its local subsidiaries are subject to the regulations of Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat provision is calculated based on the Zakat base. Any differences between the provision and the final assessment are recorded when the final assessment is approved. Provision for Zakat is charged to the consolidated statement of profit or loss.

Current and deferred tax

The income tax expense or credit for the year is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the foreign subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.13 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets of discontinued operations and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or Disposal Group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Assets, property and equipment and intangible assets are not depreciated or amortized once classified as assets held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

6.14 Foreign currencies

Foreign currency transactions are initially recognized by the Group at their respective functional currencies' spot rate at transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into Saudi Riyals at the exchange rates ruling on such date or at the forward purchase rates if so covered. Any resulting exchange differences are charged or credited to the consolidated statement of profit or loss as appropriate.

Foreign currency translation

As at the reporting date, the assets and liabilities of the foreign subsidiaries are translated into Saudi Riyals, at the rate of exchange ruling at the consolidated statement of financial position date and their consolidated statement of profit or loss are translated at the weighted average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded through consolidated statement of comprehensive income as a separate component of equity.

6.15 Revenue recognition

The Group recognizes revenue from the following principal activities:

- Educational services in primary and secondary education sector;
- Conducting training sessions for individuals and corporate entities;
- Provision of human resources; and
- Establishing and operating call centers for other entities.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer. Revenue is recognized by following the five-step approach as follows:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.15 Revenue recognition (continued)

Step 2**:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3**:** Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4**:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5**:** Recognize revenue when the Group satisfies a performance obligation.

The following is the basis upon which the Group recognized revenue from its principal activities:

Educational services
Revenue from the tuition fees is recognized over a period of time as the underlying educational services are delivered to the registered students. Revenue is recognized net of discounts and exemptions. For educational materials supplied, the revenue is recognized at a point in time when those materials are made available to the students.

Provision of trainings
Revenue from the provision of training is recognized over time as the promised services is transferred to the customer. The training involves the continuous transfer of knowledge and skills over time and the customer receives the benefit from training over the duration of a course or program. The revenue is recognized at an agreed-upon consideration that the Group expects to collect from provision of these services, such as training sessions. At the inception of the contract, the Group determines whether the contract contains more than one performance obligation and the need to allocate the transaction price where more than one performance obligation is identified. Since the training courses are distinct performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone selling prices, in case more than one course is offered.

Provision of human resources
Revenue from the provision of human resources is recognized over time as the promised services is transferred to the customer. The Group provides skilled and trained personnel to the customers according to their requirements for work directly at the customer's site. The revenue is recognized at an agreed-upon consideration for the number of manpower staff provided to the customers. The majority of the contracts have single performance obligations, such as providing competent teaching staff as per specifications provided by customers.

Provision of support services
Revenue from the provision of support services is recognized over a period of time as the promised services are transferred to the customer. The support services involve security maintenance and operations and management of IT systems. The revenue is recognized at an agreed-upon consideration that the Group expects to collect from the provision of these services, such as maintenance of IT systems. At the inception of the contract, the Group determines whether the contract contains more than one performance obligation and the need to allocate the transaction price where more than one performance obligation is identified. The transaction price is allocated to each performance obligation based on their relative standalone selling prices.

Revenue from establishing and operating call centers
The Group establishes and operates specialized call centers as per specifications provided by customers that include establishment, development and maintenance of required infrastructure, hardware and software service that enables the call center to perform its functions effectively.
The Group has determined that establishing and operating the call centers are each capable of being distinct as the customers could benefit from them individually by acquiring the other elements elsewhere. Therefore, the performance obligation of establishing and operating call centers is separated for the purpose of recognition of revenue.

6. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.15 Revenue recognition (continued)

Establishing of call centers

Revenue for development work for establishing a call center is recognized over time as the work progresses on the milestones agreed with customer in the contract, using the percentage-of-completion method. This method recognizes revenue based on the estimated portion of the work completed relative to the total scope of work agreed in the contract.

Revenue from establishing call centers also includes the revenue for providing maintenance services as part of the contractual terms over the period of the contract. The Group considers maintenance services a separate performance obligation under these contracts. Revenue for this performance obligation is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

Operating call centers

The Group enters into contracts with customers to provide staff to operate call centers according to the customers specifications (e.g. number of staff, qualification, level of staff etc.,). The Group's performance obligation is the overall service of standing ready to provide call center services each day. This is because the customer simultaneously receives and consumes the benefits of the service of standing ready each day the service is provided. The performance obligation is satisfied over time, and the revenue is measured based on the agreed contractual prices and the number of hours worked by the call center staff.

6.16 Cost of revenue

Cost of revenue includes direct costs of revenue and costs of overheads directly attributable to the revenue.

6.17 Selling and marketing and general and administrative expenses

Selling and marketing, general and administrative expenses and other expenses include direct and indirect costs not specifically part of the cost of revenues. Allocations between cost of revenue and other operating expenses are made consistently when required.

6.18 Dividends

Dividends are recognized as a liability at the time of their approval by the General Assembly or by the Board of Directors when they have been duly authorized by the General Assembly.

(Saudi Riyals)

7. PROPERTY AND EQUIPMENT (Restated, note 33)

	Land	Buildings	Furniture, office equipment and tools	Leasehold improvements	Vehicles	Capital work-in-progress	Total
Cost:							
As at January 1, 2022	66,946,814	230,951,158	154,155,578	244,145,292	4,943,786	33,184,189	734,326,817
Additions	679,613	-	3,737,486	13,493,377	41,000	83,395,467	101,346,943
On acquisition of subsidiaries	5,500,000	21,028,540	6,106,938	4,193,534	3,192,296	11,224,584	51,245,892
Transfers from capital work-in-progress	-	16,430,065	-	-	-	(16,430,065)	-
Transferred to assets classified as held for sale	-	-	(4,001,671)	(14,230,253)	-	-	(18,231,924)
Exchange differences	-	-	(1,102,829)	(281,366)	29	-	(1,384,166)
As at December 31, 2022	**73,126,427**	**268,409,763**	**158,895,502**	**247,320,584**	**8,177,111**	**111,374,175**	**867,303,562**
Additions	**-**	**779,538**	**10,841,121**	**5,553,569**	**218,000**	**74,520,825**	**91,913,053**
On acquisition of subsidiaries	**-**	**14,218,465**	**6,066,609**	**-**	**-**	**-**	**20,285,074**
Disposals	**-**	**-**	**(1,811,893)**	**-**	**(45,902)**	**-**	**(1,857,795)**
Assets related to a subsidiary disposed off	**-**	**-**	**(467,902)**	**-**	**-**	**-**	**(467,902)**
Exchange differences	**-**	**(16,924)**	**(216,319)**	**(327,527)**	**98**	**-**	**(560,672)**
As at December 31, 2023	**73,126,427**	**283,390,842**	**173,307,118**	**252,546,626**	**8,349,307**	**185,895,000**	**976,615,320**
Accumulated depreciation:							
As at January 1, 2022	-	30,448,530	126,676,063	122,489,593	3,250,017	-	282,864,203
Depreciation	-	6,243,610	9,458,606	11,658,830	1,556,368	-	28,917,414
On acquisition of subsidiaries	-	4,565,703	5,083,489	2,720,345	2,324,416	-	14,693,953
Transferred to assets classified as held for sale	-	-	(2,602,753)	(9,008,210)	-	-	(11,610,963)
Exchange differences	-	-	(984,118)	(191,445)	28	-	(1,175,535)
As at December 31, 2022	**-**	**41,257,843**	**137,631,287**	**127,669,113**	**7,130,829**	**-**	**313,689,072**
Depreciation	**-**	**7,349,075**	**7,282,777**	**10,428,935**	**352,588**	**-**	**25,413,375**
On acquisition of subsidiaries	**-**	**568,739**	**822,327**	**-**	**-**	**-**	**1,391,066**
Disposals	**-**	**-**	**(1,811,893)**	**-**	**(45,902)**	**-**	**(1,857,795)**
Assets related to a subsidiary disposed off	**-**	**-**	**(455,146)**	**-**	**-**	**-**	**(455,146)**
Exchange differences	**-**	**(71)**	**(179,397)**	**(67,874)**	**99**	**-**	**(247,243)**
As at December 31, 2023	**-**	**49,175,586**	**143,289,955**	**138,030,174**	**7,437,614**	**-**	**337,933,329**
Net book value as at December 31, 2023	**73,126,427**	**234,215,256**	**30,017,163**	**114,516,452**	**911,693**	**185,895,000**	**638,681,991**
Net book value as at December 31, 2022	73,126,427	227,151,920	21,264,215	119,651,471	1,046,282	111,374,175	553,614,490

(Saudi Riyals)

7. PROPERTY AND EQUIPMENT (CONTINUED) (Restated)

a) Capital work-in-progress includes SR 7.3 million of borrowing costs capitalized during the year ended December 31, 2023 (December 31, 2022: SR 4.9 million).

b) Land and capital work-in-progress with a book value of SR 111.6 million as of December 31, 2023 (December 31, 2022: SR 80.8 million) have been pledged to secure borrowings of the Group (refer to note 19).

c) Capital work-in-progress represents mainly the cost of establishment of new schools in Khobar and Riyadh and the extension of the building of Al Roqi School.

d) The depreciation charge has been allocated as follows:

	December 31, 2023	December 31, 2022 (Restated, note 33)
Cost of revenue (note 25)	**21,736,652**	22,349,297
General and administrative expenses (note 27)	**3,676,723**	4,696,979
Loss from discontinued operations	**-**	1,871,138
	25,413,375	28,917,414

8. LEASES

a) Right of use assets and lease liabilities (Group as a lessee)

The Group leases land and buildings for operating schools, training centers, call centers and administrative use. The lease term for these assets ranges from 3 years to 30 years.

i) Amounts recognised in the consolidated statement of financial position

	December 31, 2023	December 31, 2022 (Restated, note 33)
Right of use assets:		
Land	**53,739,737**	53,455,871
Buildings	**458,382,353**	476,520,828
	512,122,090	529,976,699
Lease liabilities		
Current	**67,887,676**	99,812,584
Non-current	**681,554,290**	674,268,787
	749,441,966	774,081,371

Additions to the right-of-use assets during the year December 31, 2023 were SR 30.3 million (December 31, 2022: SR 41.6 million) out of which SR 25.6 million pertains to the extension of the contractual lease term of Qurtuba educational and residential complex lease contracts.

ii) Amounts recognised in the consolidated statement of profit or loss

	December 31, 2023	December 31, 2022 (Restated, note 33)
Depreciation charge of right of use assets:		
Land	**3,841,915**	2,395,229
Buildings	**43,650,386**	46,215,870
Total (note 25 & 27)	**47,492,301**	48,611,099
Interest expense (note 29)	**40,271,519**	39,340,625
Expense relating to short-term leases (note 25 & 27)	**9,097,320**	12,484,721

The total cash outflow for leases during the current year is SR 96 million (December 31, 2022: SR 82.6 million).

8. LEASES (CONTINUED)

a) Right of use assets and lease liabilities (Group as a lessee) (continued)

The maturity analysis of lease liabilities is provided in note 32.

In prior years, the Group entered into several sale and leaseback transactions in order to finance the Group's expansion in educational projects. These sale and leaseback transactions resulted in a gain which was deferred and will be recognized over the period of lease term. The income recognized in the consolidated statement of profit or loss during the current year amounts to SR 0.8 million (December 31, 2022: SR 0.8 million).

b) Net investment in leases (The Group as a lessor)

The Group has classified as finance leases two sub-lease arrangements of the right of use assets related to Malqa and Yasmeen school buildings as these arrangements transfer substantially all the risks and rewards associated with underlying the right of use assets i.e. original lease. These sub-lease arrangements generally do not include extension or early termination options. The maturity analysis of the amounts receivable under these arrangements are as follows:

	December 31, 2023	December 31, 2022 (Restated, note 33)
Year 1	**13,375,975**	8,488,870
Year 2	**5,702,911**	5,331,388
Year 3	**5,359,726**	5,702,911
Year 4	**5,597,962**	5,359,726
Year 5	**5,597,962**	5,597,962
More than 5 years	**66,806,412**	72,404,370
Undiscounted lease payments	**102,440,948**	102,885,227
Unearned finance income	**(29,247,486)**	(32,425,757)
Present value of lease payments receivable	**73,193,462**	70,459,470
Current portion	**8,488,870**	8,488,870
Non-current portion	**64,704,592**	61,970,600
	73,193,462	70,459,470

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in Saudi Riyals.

Amounts recognized in the consolidated statement of profit or loss:

	December 31, 2023	December 31, 2022 (Restated, note 33)
Finance income on the net investment in leases	**3,178,275**	3,277,755
Income generated from operating leases (note 28)	**5,038,443**	7,217,999

9. INVESTMENTS IN EQUITY INSTRUMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group designated the investments shown below as equity securities carried at FVOCI because these equity securities represent investments that the Group intends to hold for the long-term for strategic purposes:

	Fair value		**Dividend income**	
	December 31, 2023	December 31, 2022	**2023**	2022
Investment in units of Al Rajhi REIT fund (note 9(a))	**143,555,554**	258,499,995	**17,944,298**	16,106,741
Investment in shares of New Horizon (note 9(b))	**-**	14,086,179	**-**	-
Investment in shares of Ryan Education Company	**3,006,200**	3,006,200	**-**	-
	146,561,754	275,592,374	**17,944,298**	16,106,741

(Saudi Riyals)

9. INVESTMENTS IN EQUITY INSTRUMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

a) This dividend income includes dividend income of SR 6.1 million (December 31, 2022: SR nil) related to the units of Al Rajhi REIT that were disposed of during the year. The Group disposed of 10.2 million units of Al Rajhi REIT to finance the repayment of loans and borrowings and acquire new investments. These units had a fair value of SR 90 million and resulted in a cumulative loss of SR 1.8 million. The Group has elected not to reclassify the cumulative loss related to the disposed of units from fair value reserve to accumulated losses under equity. The fair value loss on these investments during the year amounted to SR 24.85 million (December 31, 2022: SR 29.84 million).

b) During the year, the Group recognized full impairment (December 31, 2022: SR 2.94 million) of the investment made in shares of New Horizon. Furthermore, an outstanding balance of SR 3.7 million from the aforementioned investee was also impaired (refer to note 27).

10. INTANGIBLE ASSETS

	December 31, 2023	December 31, 2022
		(Restated, note 33)
Intangible assets other than goodwill (note 10(a))	**48,198,284**	45,140,297
Goodwill (note 10(b))	**67,422,866**	65,732,698
	115,621,150	110,872,995

a) Intangible assets other than goodwill

	Copyrights and software	**Students' relationship list**	**Total**
<u>For the year ended December 31, 2023</u>			
Cost or fair value:			
As at January 1	**55,720,056**	**12,564,970**	**68,285,026**
Additions	**8,663,374**	**-**	**8,663,374**
Assets related to the subsidiary disposed off (note 23)	**(374,699)**	**-**	**(374,699)**
Exchange differences	**1,058,945**	**-**	**1,058,945**
As at December 31	**65,067,676**	**12,564,970**	**77,632,646**
Accumulated amortization:			
As at January 1	**22,466,518**	**678,211**	**23,144,729**
Amortization (note 25 & 27)	**4,452,139**	**1,623,234**	**6,075,373**
Amortization related to the subsidiary disposed off (note 23)	**(274,783)**	**-**	**(274,783)**
Exchange differences	**489,043**	**-**	**489,043**
As at December 31	**27,132,917**	**2,301,445**	**29,434,362**
Net book value	**37,934,759**	**10,263,525**	**48,198,284**
Useful lives (years)	**3 - 20**	**3 - 12**	

(Saudi Riyals)

10. INTANGIBLE ASSETS (CONTINUED)

a) Intangible assets other than goodwill (continued)

	Copyrights and software	**Students' relationship list**	**Total**
For the year ended December 31, 2022			
Cost or fair value:			
As at January 1	56,068,890	-	56,068,890
Additions	1,312,487	-	1,312,487
On acquisition of a subsidiary (note 2a)	-	12,564,970	12,564,970
Exchange differences	(1,661,321)	-	(1,661,321)
As at December 31	55,720,056	12,564,970	68,285,026
Accumulated amortization:			
As at January 1	19,356,012	-	19,356,012
Amortization (note 25 & 27)	4,034,970	678,211	4,713,181
Exchange differences	(924,464)	-	(924,464)
As at December 31	22,466,518	678,211	23,144,729
Net book value	33,253,538	11,886,759	45,140,297
Useful lives (years)	3 - 20	3 - 12	

The net book value of intangible assets includes SR 5.8 million as at December 31, 2023 (December 31, 2022: SR 5.5 million) which have been determined to have indefinite useful life.

b) Goodwill

	2023	2022
Cost:		
As at January 1	**65,732,698**	21,866,646
On acquisition of subsidiaries	**20,326,127**	45,639,876
Exchange differences	**491,786**	(1,773,824)
As at December 31	**86,550,611**	65,732,698
Accumulated impairment losses:		
As at January 1	**-**	-
Impairment losses for the year	**19,127,745**	-
As at December 31	**19,127,745**	-
Carrying value	**67,422,866**	65,732,698

Goodwill has been allocated to cash-generating units of the Group as follows:

	December 31, 2023	December 31, 2022
Al-Faisaliyah National Schools Company	**41,595,190**	41,595,190
Linguaphone Group Limited	**12,083,496**	11,438,152
Fast Lane Computer Consultancy (Civil Business Corporation)	**5,583,436**	5,583,436
Al – Roqi National Schools Company – LTD	**4,044,686**	4,044,686
Franklin Covey Middle East and its subsidiaries	**2,346,883**	2,346,883
Al-Riyadah Model Education Company (note 2(b))	**1,198,382**	-
Jobzella for Information Technology FZ – LLC	**570,793**	724,351
	67,422,866	65,732,698

(Saudi Riyals)

10. INTANGIBLE ASSETS (CONTINUED)

b) Goodwill (continued)

As of the year end, the goodwill related to the acquisition of Al-Faisaliyah National Schools Company and Linguaphone Group Limited is significant to the consolidated financial statements. Goodwill is subject to annual impairment testing by comparing the carrying amount of each CGU to the recoverable amount which has been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by management covering a five-year period.

Terminal value is calculated using Gordon Growth Model for the final year of the forecast period that is 2%.

Impairment charge

The carrying amount of Al-Riyadah Model Education Company was determined to be higher than its recoverable amount of SR 10 million assuming a pre-tax discount rate of 11.39% and terminal growth rate of 2% that resulted in an impairment loss of SR 19.1 million during the year ended December 31, 2023. The impairment loss has been fully allocated to the goodwill and charged to the consolidated statement of profit or loss.

Sensitivity analysis

The calculation of value in use is most sensitive to the assumptions of revenue growth rate and pre-tax discount rates. Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determine value**
Revenue growth rate	Average annual growth rate over the five-year forecast period; based on past performance and management’s expectations of market development.
Pre-tax discount rate	A discount rate, namely weighted average cost of capital (WACC), is applied for specific business areas based on assumptions regarding interest rates, tax rates and risk premiums and is recalculated to a before-tax rate (‘Pre-tax discount rate’).

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

Sensitivity to changes in assumptions: Al-Faisaliyah National Schools Company

The implications of changes to the key assumptions are discussed below.

(a) Revenue Growth Rate Assumption: The revenue growth rate in the forecast period has been estimated to be a compound annual growth rate of 4.7%. If all other assumptions were kept the same, a reduction of this growth rate to 3.5% would give a value in use equal to the current carrying amount.

(b) Pre-tax Discount Rate: The Pre-tax discount rate in the forecast period has been estimated to be 10%. If all other assumptions were kept the same, an increase of this discount rate to 21.8% would give a value in use equal to the current carrying amount.

Sensitivity to changes in assumptions: Linguaphone Group Limited

The implications of changes to the key assumptions are discussed below.

(a) Revenue Growth Rate Assumption: The revenue growth rate in the forecast period has been estimated to be a compound annual growth rate of 2%. If all other assumptions were kept the same, a reduction of this growth rate to 0% would give a value in use equal to the current carrying amount.

(b) Pre-tax Discount Rate: The pre-tax discount rate in the forecast period has been estimated to be 16.3%. Management believes that no reasonably possible change in this key assumption would cause the carrying value of CGU including goodwill to materially exceed its recoverable amount.

(Saudi Riyals)

11. FINANCIAL DERIVATIVE INSTRUMENT CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group holds interest rate swaps that have not been designated as hedge instruments. These interest rate swaps had a nominal amount of SR 84 million and fair value of SR 4.9 million as of December 31, 2023 (December 31, 2022: nominal amount of SR 94.7 million and fair value of SR 6.9 million). Unrealized loss on this financial derivative instrument during the current year amounted to SR 2 million (December 31, 2022: gain of SR 3.8 million).

12. INVENTORIES

Inventories comprise mainly books and training curriculums distributed during courses, below is a breakdown of the balance:

	December 31, 2023	December 31, 2022
Inventories	**5,430,922**	9,186,126
Provision for slow moving inventory	**(1,456,619)**	(1,666,830)
	3,974,303	7,519,296

13. ASSETS AND LIABILITIES RELATED TO CONTRACT WITH CUSTOMERS

The Group has recognized the following assets and liabilities related to its contracts with customers:

	December 31, 2023	December 31, 2022 (Restated, note 33)
Contract assets		
- Universities	**23,326,496**	6,742,012
- Call centre services	**20,359,353**	34,905,024
- Others	**2,610,572**	4,464,921
	46,296,421	46,111,957
Contract liabilities		
- Schools	**42,899,843**	31,011,142
- Call centre services	**9,297,930**	12,165,118
- Universities	**6,480,000**	-
- Management projects and others	**4,497,703**	598,776
	63,175,476	43,775,036

14. PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022 (Restated, note 33)
Prepaid expenses	**28,008,853**	26,684,917
Refundable deposits	**4,466,555**	242,899
Employee receivables	**2,930,731**	2,438,162
Supplier advances	**2,222,215**	-
Value added tax	**292,702**	-
Others	**9,058,341**	4,548,982
	46,979,397	33,914,960

15. RELATED PARTY TRANSACTIONS AND BALANCEST

The related parties represent the Group's shareholders, key management personnel and the entities owned or managed by these parties, as well as the entities that have control or joint control or has significant influence over these parties. . Following is a list of related parties with whom the Group engaged in transactions with during the year and the nature of their relationship:

(Saudi Riyals)

15. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Name of the related party	**Nature of relationship**
Al-Falak Electronic Equipment and Supplies Company	Company owned by Board of Directors
Alkhaleej Computers Company	Company owned by Board of Directors
Sawa'ed Al-Roqi Company	Entity owned by partner in a subsidiary
New Horizon Holding – USA	Affiliate company
Saleem Abdul Ghani Mhana Al-Baladi	Partner in a subsidiary
Salem Bin Hindi Al Harbi Holding	Partner in a subsidiary
Mohammad Al Ghamdi	Partner in a subsidiary
Allianz Saudi Medical Cooperative Insurance Company	Managed by key management personnels
Manar Al-Tfwq School	Affiliate company
Abdullah Bin Ibrahim Al Imran	Partner in a subsidiary
Sulieman Bin Ibrahim Al Jalajel	Partner in a subsidiary
Mohammad Ibrahim Saud	Partner in a subsidiary
Khaled Abdullah Al Shaea	Partner in a subsidiary

During the year, the following transactions occurred with the related parties:

Name of the related party	**Nature of transaction**	**December 31, 2023**	December 31, 2022
Al-Falak Electronic Equipment and Supplies Company	Rent as a lessee	**900,000**	900,000
	Revenue	**226,073**	-
Alkhaleej Computers Company	Rent as a lessor	**-**	1,366,000
Sawa'ed Al-Roqi Company	Payment on behalf	**261,671**	82,575
New Horizon Holding – USA	Royalties	**2,367,681**	1,875,445
	Interest income	**-**	2,044,515
	Payment on behalf	**2,532,749**	-
Saleem Abdul Ghani Mhana Al-Baladi	Payment on behalf	**2,040,599**	-
	Purchase of shares	**-**	10,000,000
Salem Bin Hindi Al Harbi Holding	Purchase of shares	**30,600,000**	50,000,000
Mohammad Al Ghamdi	Purchase of shares	**29,070,000**	-
Allianz Saudi Medical Cooperative Insurance Company	Medical insurance premium	**21,243,685**	-
Relatives of key management	Salaries and benefits	**2,329,266**	2,201,716

(Saudi Riyals)

15. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances due from related parties as of the year end are as follows:

	December 31, 2023	December 31, 2022
Manar Al-Tfwq School	**1,461,255**	1,461,255
Saleem Abdul Ghani Mhana Al-Baladi	**1,275,565**	284,965
Abdullah Bin Ibrahim Al Imran	**305,001**	305,001
Sulieman Bin Ibrahim Al Jalajel	**305,001**	305,001
Mohammad Ibrahim Saud	**305,001**	305,001
Khaled Abdullah Al Shaea	**305,001**	305,001
Sawa'ed Al-Roqi Company	**99,934**	88,767
New Horizon Holding – USA	**-**	4,873,720
Al-Khaleej Computers Company	**-**	982,743
Al-Falak Electronic Equipment and Supplies Company	**-**	676,917
	4,056,758	9,588,371

Balances due to related parties as of the year end are as follows:

	December 31, 2023	December 31, 2022
Mohammad Al Ghamdi	**1,513,577**	-
Saleem Abdul Ghani Mhana Al-Baladi	**-**	7,000,000
Saleem Bin Hindi Al Harbi Holding	**-**	5,000,000
New Horizon Holding – USA	**-**	117,950
	1,513,577	12,117,950

Members of the Board of Directors do not receive any remuneration for their role in managing the Group unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Director receives fixed remuneration as a result of his direct duties and responsibilities.

The following table presents details of remuneration and compensation of directors and key management personnel:

	December 31, 2023	December 31, 2022
Short-term benefits	**13,380,996**	10,079,497
End of service benefits	**539,533**	2,183,590
	13,920,529	12,263,087

16. TRADE RECEIVABLES

	December 31, 2023	December 31, 2022 (Restated, note 33)
Receivable from government customers	**371,312,232**	338,708,882
Receivable from non-government customers	**184,434,555**	148,843,089
	555,746,787	487,551,971
Provision for expected credit losses	**(139,383,892)**	(109,071,098)
	416,362,895	378,480,873

(Saudi Riyals)

16. TRADE RECEIVABLES (CONTINUED)

Movement in provision for expected credit losses is as follows:

	December 31, 2023	December 31, 2022
As at January 1	**109,071,098**	96,823,796
Charge for the year		
- Related to continuing operations	**31,159,375**	8,700,660
- Related to discontinued operations (note 23)	**-**	183,509
On acquisition of subsidiaries	**90,000**	2,549,054
Transferred to assets classified as held for sale	**(915,231)**	-
Exchange differences	**(21,350)**	814,079
As at December 31	**139,383,892**	109,071,098

17. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022 (Restated, note 33)
Cash at banks	**27,994,484**	41,372,764
Cash in hand	**911,875**	1,913,027
	28,906,359	43,285,791

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

	December 31, 2023	December 31, 2022
Cash at banks	**27,994,484**	41,372,764
Cash in hand	**911,875**	1,913,027
Cash and cash equivalents attributable to discontinued operations (note 23)	**126,816**	278,437
	29,033,175	43,564,228
Bank overdrafts	**(4,710,050)**	(3,394,714)
	24,323,125	40,169,514

(Saudi Riyals)

18. NON-CONTROLLING INTERESTS (Restated, note 33)

Set out below is summarized financial information for each subsidiary that has non-controlling interests ("NCI") that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized statements of financial position

	Al-Faisaliyah National Schools Company		**Franklin Covey Middle East and its subsidiaries**		**Al – Roqi National Schools Company**		**Al-Riyadah Model Education Company**	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Current assets	**29,358,153**	12,067,896	**23,587,592**	24,316,409	**4,483,122**	15,085,513	**3,189,621**	-
Current liabilities	**(13,621,719)**	(3,260,352)	**(7,319,226)**	(7,616,619)	**(10,566,387)**	(5,168,542)	**(4,105,629)**	-
Net current assets / (liabilities)	**15,736,434**	8,807,544	**16,268,366**	16,699,790	**(6,083,265)**	9,916,971	**(916,008)**	-
Non-current assets	**57,323,350**	54,518,988	**108,587**	86,900	**53,830,591**	39,454,593	**23,397,789**	-
Non-current liabilities	**(38,800,628)**	(38,458,801)	**(2,684,637)**	(2,211,255)	**(7,971,731)**	(10,779,034)	**(5,100,170)**	-
Net non-current assets / (liabilities)	**18,522,722**	16,060,187	**(2,576,050)**	(2,124,355)	**45,858,860**	28,675,559	**18,297,619**	-
Net assets	**34,259,156**	24,867,731	**13,692,316**	14,575,435	**39,775,595**	38,592,530	**17,381,611**	-
NCI	**4,453,690**	9,947,092	**5,340,003**	5,684,420	**15,910,238**	15,437,012	**8,516,989**	-

Summarized statements of profit or loss and other comprehensive income

	Al-Faisaliyah National Schools Company		**Franklin Covey Middle East and its subsidiaries**		**Al – Roqi National Schools Company**		**Al-Riyadah Model Education Company**	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Revenue	**54,995,232**	22,224,351	**43,095,421**	38,176,713	**14,237,580**	13,112,418	**7,108,420**	-
Profit / (loss) for the year	**10,393,371**	5,426,319	**13,100,361**	11,127,365	**1,242,299**	(305,842)	**217,824**	-
Other comprehensive (loss) / income	**(1,001,947)**	212,491	**-**	-	**(59,233)**	-	**-**	-
Total comprehensive income / (loss)	**9,391,424**	5,638,810	**13,100,361**	11,127,365	**1,183,066**	(305,842)	**217,824**	-
Profit / (loss) allocated to NCI	**2,633,106**	2,170,528	**5,109,141**	4,339,672	**496,920**	(122,334)	**106,734**	-
Dividends paid to NCI	**-**	-	**5,469,385**	2,776,181	**-**	-	**-**	-

(Saudi Riyals)

18. NON-CONTROLLING INTERESTS (CONTINUED) (Restated, note 33)

Summarized statements of cash flows

	Al-Faisaliyah National Schools Company		Franklin Covey Middle East and its subsidiaries		Al – Roqi National Schools Company		Al-Riyadah Model Education Company	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Cash flows from operating activities	**15,677,164**	3,898,185	**12,838,619**	10,337,586	**1,861,009**	2,946,126	**1,057,838**	-
Cash flows from investing activities	**(6,843,398)**	(7,433,322)	**(66,425)**	(70,672)	**(15,622,360)**	(19,690,461)	**(722,789)**	-
Cash flows from financing activities	**(1,748,981)**	3,644,630	**(13,921,876)**	(8,566,914)	**4,894,194**	(2,705,087)	**733,770**	-
Net increase / (decrease) in cash and cash equivalents	**7,084,785**	109,493	**(1,149,682)**	1,700,000	**(8,867,157)**	(19,449,422)	**1,068,819**	-

19. LOANS AND BORROWINGS

The Group has obtained long-term and short-term loans in form of Tawarruq from several local banks to finance the Group's projects to construct buildings for educational establishments and to manage the working capital. The loans are charged a commission equal to the sum of Saudi inter-bank borrowing rate (SAIBOR) and predetermined rate per annum. The maturity of the long-term loans ranges from 3 years to 9 years. These loans are secured by the issuance of promissory notes, assignment of the proceeds from specific contracts and projects and the pledge of part of the Group's land and construction (note 7).

The agreements include covenants which require the Group to maintain certain financial ratios. As at December 31, 2023, the Group was in breach of certain covenants causing the outstanding long-term borrowings to become payable on demand to the banks. However, the Group had obtained a waiver from the banks for these breaches prior to the year end.

(Saudi Riyals)

19. LOANS AND BORROWINGS (CONTINUED)

The loans and borrowings balance comprises the following:

	December 31, 2023	December 31, 2022 (Restated, note 33)
Non-current portion of long-term loans:		
Banque Saudi Fransi	**84,000,000**	92,219,975
Riyad Bank	**70,720,904**	-
Alinma Bank	**69,665,057**	-
Loans obtained by a subsidiary	**4,200,000**	6,625,471
Total	**228,585,961**	98,845,446
Current portion of long-term loans:		
Riyad Bank	**35,360,452**	173,266,214
Banque Saudi Fransi	**10,666,666**	5,333,333
Loans obtained by a subsidiary	**2,425,207**	2,343,436
Total	**48,452,325**	180,942,983
Short-term borrowings and bank overdrafts	**203,129,001**	149,866,529

20. EMPLOYEES' END OF SERVICE BENEFITS

The movement in employee's end of service benefits' during the year is as follows:

	December 31, 2023	December 31, 2022 (Restated, note 33)
As at January 1	**85,102,499**	83,232,596
Current service cost	**12,740,931**	15,859,568
Finance cost (note 29)	**3,134,548**	1,501,452
Costs recognized in profit or loss	**15,875,479**	17,361,020
On acquisition of subsidiaries	**250,000**	6,152,390
On disposal of a subsidiary	**(558,242)**	-
Transferred to liabilities directly associated with assets classified as held for sale	**-**	(1,089,732)
Benefits paid to outgoing / existing members	**(17,085,725)**	(28,399,720)
Remeasurement loss recognized in OCI	**11,006,306**	5,577,715
Benefits related to outsourced employees	**2,832,201**	2,447,966
Exchange differences	**21,964**	(179,736)
As at December 31	**97,444,482**	85,102,499

*The balance of employees' end of service benefits as of December 31, 2023 includes an amount of SR 12.1 million (December 31, 2022: SR 10.2 million) related to employees for which the Group has a right to claim the end of service expense from other parties. Accordingly, the Group has recognized an asset of recoverable amount from employees' benefits by the aforementioned amounts in the consolidated statement of financial position.

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	December 31, 2023	December 31, 2022
Discount rate	**4.6% - 4.85%**	4.65%
Long-term salary increase rate	**0.25% - 4.85%**	0.25% - 2%

(Saudi Riyals)

20. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

Sensitivity analysis of principal actuarial assumptions:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	December 31, 2023	December 31, 2022
Discount rate +0.5%	**95,190,276**	63,195,042
Discount rate -0.5%	**99,559,509**	66,192,973
Long term Salary Increases +0.5%	**99,329,704**	65,802,515
Long term Salary Increases -0.5%	**95,749,589**	63,557,408

Analysis of remeasurement loss recognized in other comprehensive income during the year:

	December 31, 2023	December 31, 2022
Due to change in financial assumptions	**496,502**	(7,739,691)
Due to change in demographic assumptions	**(18,355)**	2,330,468
Due to change in experience adjustments	**10,528,159**	10,986,938
	11,006,306	5,577,715

Expected maturity analysis:

	Less than a year	**Between 1 – 2 years**	**Between 2 – 5 years**	**Over 5 years**	**Total**
As of:					
December 31, 2023	**17,146,751**	**28,666,243**	**52,669,604**	**70,685,140**	**169,167,738**
December 31, 2022	13,196,295	17,873,901	37,527,628	52,850,590	121,448,414

21. TRADE AND OTHER PAYABLES

	December 31, 2023	December 31, 2022 (Restated, note 33)
Accrued employee benefits*	**34,539,564**	23,172,474
Trade payables	**26,770,268**	31,788,176
Value added tax	**23,431,486**	22,348,779
Retentions payable	**11,844,637**	-
Unidentified collections	**10,020,023**	6,189,858
Others	**25,671,764**	15,730,493
	132,277,742	99,229,780

* This balance includes accrued bonus to the key management personnel and remuneration for Board of Directors and key management as at December 31, 2023 amounting to SR 5.8 million (December 31, 2022: SR 2.4 million).

(Saudi Riyals)

22. ZAKAT AND INCOME TAX PAYABLE

	December 31, 2023	December 31, 2022 (Restated, note 33)
Zakat provision (note 22(a))	**25,192,609**	12,893,711
Income tax provision (note 22(b))	**69,435**	313,479
	25,262,044	13,207,190

a) Zakat provision

Zakat is charged at the higher of net adjusted income or Zakat base as required by the ZATCA. The key elements of zakat base primarily include equity components, net income and liabilities adjusted for zakat purpose. Movement in zakat payable during the year is as follows:

	December 31, 2023	December 31, 2022
As at January 1	**12,893,711**	10,749,568
On acquisition of subsidiaries	**-**	252,610
Charge for the year		
- Related to current year	**9,095,136**	4,751,464
- Related to prior years	**20,232,618**	7,910,592
Net zakat expense for the year	**29,327,754**	12,662,056
Payment during the year	**(17,028,856)**	(10,770,523)
As at December 31	**25,192,609**	12,893,711

Zakat Status

The Company and its Saudi subsidiaries filed their Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") and obtained Zakat certificates up to the year 2022.

Assessment for the years 2015 – 2018

The Company received revised zakat assessments from ZATCA demanding additional amount of SR 31.9 million against which the Company filed an appeal with the Primary Committee which reduced the amount of assessment down to SR 25 million. During the year 2022, the Company escalated to the General Secretariat of Zakat, Tax and Customs Committees and reached an agreement with ZATCA to settle the assessment by paying an amount of SR 18.75 million through twelve equal monthly instalments.

Assessment for the years 2019 – 2020

The Company received revised zakat assessments from ZATCA demanding additional amount of SR 37 million against which the Company filed an appeal to resolve the contested amount and reached an agreement with ZATCA to settle the assessment by paying an amount of SR 9.4 million through five equal monthly instalments. The Company has paid all the settlement amount as of the year end.

Assessment for the years 2021 – 2022

The Company received inquiries from ZATCA with respect to Zakat returns for the years 2021 and 2022. As of the date of approval of these consolidated financial statements, no revised assessments have been received from ZATCA for these years.

b) Income tax provision

The movement in income tax provision during the year is as follows:

	December 31, 2023	December 31, 2022
As at the beginning of the year	**313,479**	-
Charge for the year	**191,267**	426,780
Payment during the year	**(159,080)**	(11,319)
Exchange differences	**(276,231)**	(101,982)
As at the end of the year	**69,435**	313,479

(Saudi Riyals)

23. DISCONTIUED OPERATIONS

Spectrum Wellness Establishment

On September 28, 2022, the Board of Directors of the Company resolved to dispose of Spectrum Wellness Establishment (the "Establishment") through sale. Accordingly, the associated assets and liabilities have been classified as current and presented as held for sale in the consolidated statement of financial position and the associated results of operations have been classified as discontinued operation in the consolidated statement of profit or loss. Financial information related to the Establishment for the year is as follows:

	December 31, 2023	December 31, 2022
		(Restated, note 33)
Revenue	**9,878,381**	9,334,225
Cost of revenue	**(9,966,403)**	(10,585,922)
Gross loss	**(88,022)**	(1,251,697)
Selling and marketing expenses	**(381,714)**	(343,864)
General and administrative expenses	**(2,052,126)**	(2,967,560)
Operating loss	**(2,521,862)**	(4,563,121)
Finance cost	**(68,403)**	(130,703)
Loss before zakat	**(2,590,265)**	(4,693,824)
Zakat	**(24,000)**	(24,000)
Net loss for the year	**(2,614,265)**	(4,717,824)

The carrying amount of the assets and liabilities as at the year-end is as follows:

	December 31, 2023	December 31, 2022
		(Restated, note 33)
Property and equipment	**6,742,675**	6,620,961
Right of use assets	**1,792,739**	1,792,739
Inventories	**848,740**	910,474
Prepayments and other receivables	**452,227**	656,442
Cash and cash equivalents	**126,816**	278,437
Total assets	**9,963,197**	10,259,053
Lease liabilities	**579,818**	1,690,120
Employees' end of service benefits	**1,265,169**	1,064,467
Trade and other payables	**2,636,136**	2,414,716
Zakat payable	**7,425**	47,778
Total liabilities	**4,488,548**	5,217,081

(Saudi Riyals)

23. DISCONTIUED OPERATIONS (CONTINUED)

Online Trading Academy FZ – LTD

The Board of Directors resolved to sell Online Trading Academy FZ– LTD. ("OTA") (a fully owned subsidiary) and signed a selling agreement on April 3, 2023. The ownership of shares of the subsidiary were transferred to the buyer without consideration. The transaction resulted in a loss of SR 0.7 million recognized in consolidated statement of profit or loss. Financial information related to the subsidiary for the year is as follows:

	December 31, 2023	December 31, 2022
Revenue	**254,455**	2,189,124
Cost of revenue	**(167,872)**	(2,227,244)
Gross profit / (loss)	**86,583**	(38,120)
General and administrative expenses	**(103,120)**	(1,739,200)
Impairment loss on trade receivables (note 16)	**-**	(183,509)
Other income	**897,111**	-
Net profit / (loss)	**880,574**	(1,960,829)
Loss on disposal	**(744,554)**	-

The carrying amount of the assets and liabilities at the time of disposal was as follows:

	April 3, 2023
Property and equipment	**12,756**
Intangible assets	**99,916**
Prepayments and other receivables	**155,114**
Trade receivables	**1,522,267**
Cash and cash equivalents	**22,769**
Total assets	**1,812,822**
Employees' end of service benefits	**558,242**
Banks overdraft	**142,028**
Trade and other payables	**365,449**
Contract liabilities	**2,549**
Total liabilities	**1,068,268**
Net assets	**744,554**
Consideration received	**-**
Loss on disposal	**(744,554)**

Applied Digital Media Services Company

In the prior year, the Board of Directors resolved to voluntarily liquidate Applied Digital Media Services Company "ADMS" (a fully owned subsidiary). The liquidation proceedings were under progress as of the year end. The subsidiary had assets and liabilities of SR 447 each as of the year ended December 31, 2022. Financial information related to the subsidiary for the year is as follows:

	December 31, 2023	December 31, 2022
General and administrative expenses	-	(428,758)
Other income	-	2,081,864
Net profit	-	1,653,106

(Saudi Riyals)

24. CONTINGENCIES AND COMMITMENTS

Contingencies

The Group has provided letters of guarantee amounting to SR 158.7 million (December 31, 2022: SR 97.4 million).

Commitments

The capital expenditure committed by the Group but not incurred till December 31, 2023, amounted to SR 43 million (December 31, 2022: SR 83.5 million).

25. COST OF REVENUE

	December 31, 2023	December 31, 2022 (Restated, note 33)
Staff cost	**557,957,424**	551,304,941
Direct materials	**67,086,544**	54,824,309
Depreciation of right of use assets (note 8)	**40,781,580**	41,167,546
Depreciation of property and equipment (note 7)	**21,736,652**	22,349,297
Amortization of intangible assets (note 10)	**5,468,978**	4,082,323
Rent expenses (note 8)	**4,967,998**	9,753,580
Others	**61,164,111**	48,456,960
	759,163,287	731,938,956

26. SELLING AND MARKETING EXPENSES

	December 31, 2023	December 31, 2022 (Restated, note 33)
Staff cost	**10,917,195**	13,371,205
Advertising	**2,779,600**	3,401,544
Promotion and gifts	**1,450,413**	576,901
	15,147,208	17,349,650

27. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2023	December 31, 2022 (Restated, note 33)
Staff cost	**59,115,842**	46,447,975
Governmental and professional fees	**7,024,433**	5,997,004
Depreciation of right of use assets (note 8)	**6,710,721**	7,443,553
Rent expenses (note 8)	**4,129,322**	2,731,141
Impairment of other receivables (note 9(b))	**3,685,822**	-
Depreciation of property and equipment (note 7)	**3,676,723**	4,696,979
Compensation for Board of Directors	**1,377,500**	1,336,000
Amortization of intangible assets (note 10)	**606,395**	630,858
Others	**32,408,367**	19,611,159
	118,735,125	88,894,669

(Saudi Riyals)

28. OTHER INCOME

	December 31, 2023	December 31, 2022 (Restated, note 33)
Dividend income (note 9)	**17,944,298**	16,106,741
Rental income (note 8)	**5,038,443**	7,217,999
Amortization of deferred gain on sale and leaseback (note 8)	**803,748**	803,748
Others	**6,666,970**	4,429,471
	30,453,459	28,557,959

29. FINANCE COST

	December 31, 2023	December 31, 2022 (Restated, note 33)
Interest on lease liabilities (note 8)	**40,271,519**	39,340,625
Interest on loans and borrowings	**29,460,579**	15,074,060
Interest on employees' end of service benefits (note 20)	**3,134,548**	1,501,452
Others	**516,474**	421,087
	73,383,120	56,337,224

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable shareholders of the Company over the weighted average number of outstanding ordinary shares during the year. There were no diluted shares outstanding at any time during the year, therefore, the diluted earnings per share is equal to the basic earnings per share.

From continuing operations:

	December 31, 2023	December 31, 2022 (Restated, note 33)
Net loss attributable to the shareholders of the Company	**(39,539,688)**	(10,285,958)
Weighted average number of outstanding shares during the year	**65,000,000**	65,000,000
Basic and diluted loss per share	**(0.61)**	(0.16)
From discontinued operations:		
Net loss attributable to the shareholders of the Company	**(2,478,245)**	(5,025,547)
Weighted average number of outstanding shares during the year	**65,000,000**	65,000,000
Basic and diluted loss per share	**(0.04)**	(0.08)
Total loss per share – basic and diluted	**(0.65)**	(0.24)

(Saudi Riyals)

31. SEGMENT INFORMATION (Restated, note 33)

The Group's principal activities are as disclosed in the note 1. The Group has been organized into different operating segments based on the nature of products and services it delivers as follows:

Training: Provision of training programs related to language and computers to individuals and corporate customers.

Universities: Provision of academic staff for the orientation years according to the basis and standards set by the universities and managing these human resources for the universities.

Management Projects and others: Provision of qualified skilled personnel to corporate customers. Provision of support services to corporate customers such as security maintenance and operational systems management.

Call centre: Managing and operating the customer service centres via telephone as well as the digital technologies means for a number of government and private companies.

Schools: Incorporating and operating of private educational schools for (boys/girls) from KG to grade 12 within the Kingdom of Saudi Arabia.

Selected financial information as at December 31, 2023 and December 31, 2022, and for the years then ended, categorized by these business segments, is as follows:

December 31, 2023

	Management projects and others	Training	Call centers	Universities	Schools	Unallocated transactions and balances	Total
Revenue (Over time)	63,271,301	165,255,027	397,040,654	126,001,880	239,175,304	-	990,744,166
Revenue – third parties	60,403,559	161,028,368	397,040,654	126,001,880	239,175,304	-	983,649,765
Additions to property and equipment	1,691,149	1,711,216	4,267,795	-	83,095,908	1,146,985	91,913,053
Depreciation of property and equipment	73,051	3,738,589	5,990,118	212,569	12,495,890	2,903,158	25,413,375
Depreciation of right of use assets	92,497	4,627,424	6,379,924	-	36,392,456	-	47,492,301
Amortization and impairment of intangible assets	461,035	883,553	3,029,084	-	1,643,415	19,186,031	25,203,118
Impairment loss / (reversals) on trade receivables	2,161,724	(9,719,690)	24,918,648	1,197,733	12,600,960	-	31,159,375
Unallocated expenses (excluding depreciation, amortization and impairment)	-	-	-	-	-	43,463,894	43,463,894
Gross profit	20,662,597	65,331,353	52,404,315	18,102,284	67,985,929	-	224,486,478
Profit / (loss) attributable to the shareholders of the Company	5,061,837	31,227,452	(4,296,983)	10,151,442	(18,608,598)	(65,553,083)	(42,017,933)
Profit / (loss) for the year	5,511,714	36,476,354	(4,296,983)	10,151,442	(15,762,107)	(65,553,083)	(33,472,663)
Total assets	58,467,899	135,978,031	339,961,277	104,015,253	1,277,777,550	143,547,571	2,059,747,581
Total liabilities	17,942,106	65,876,642	155,309,780	32,302,315	775,601,445	515,981,940	1,563,014,228

(Saudi Riyals)

31. SEGMENT INFORMATION (CONTINUED) (Restated, note 33)

December 31, 2022

	Management projects and others	Training	Call centers	Universities	Schools	Unallocated transactions and balances	Total
Revenue	48,571,591	131,574,821	373,475,627	148,084,731	179,014,447	-	880,721,217
Revenue – third parties	45,065,764	131,574,821	373,475,627	148,084,731	179,014,447	-	877,215,390
- Over time	15,535,210	131,574,821	373,475,627	148,084,731	179,014,447	-	847,684,836
- At a point in time	29,530,554	-	-	-	-	-	29,530,554
Additions to property and equipment	517,145	4,274,950	1,171,703	171,623	87,260,842	7,950,680	101,346,943
Depreciation of property and equipment	2,020,644	5,625,203	6,363,978	223,978	11,144,655	3,538,956	28,917,414
Depreciation of right of use assets	169,129	6,507,986	6,379,923	-	35,554,061	-	48,611,099
Amortization and impairment of intangible assets	267,870	535,107	3,153,526	-	698,392	58,286	4,713,181
Impairment loss on trade receivables	59,703	1,490,848	3,667,500	873,709	2,608,900	-	8,700,660
Unallocated expenses (excluding depreciation, amortization and impairment)	-	-	-	-	-	23,612,480	23,612,480
Gross profit	13,698,637	33,236,646	41,024,304	15,429,838	41,887,009	-	145,276,434
Profit / (loss) attributable to the shareholders of the Company	352,688	(16,075,447)	6,272,460	7,662,075	13,686,441	(27,209,722)	(15,311,505)
Profit / (loss) for the year	1,180,743	(11,853,849)	6,272,460	7,662,075	15,475,009	(27,209,722)	(8,473,284)
Total assets	40,798,577	146,133,153	366,545,500	92,879,029	1,383,477,497	56,954,705	2,086,788,461
Total liabilities	9,731,163	61,791,312	276,640,804	26,584,426	790,779,377	313,727,610	1,479,254,692

Finance cost and tax expenses are not analyzed at segment level, as it is driven by the central treasury and tax functions respectively, which manages these expenses at the Group level. Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated and analyzed based on the operations of the segment. The Group's management does not analyze total assets based on its geographical location and therefore country-wise total assets are not disclosed in these consolidated financial statements. The revenue earned from third parties from different business segments categorized by geographical region is as follows:

	Management projects and others	Training	Call centers	Universities	Schools	Unallocated transactions and balances	Total
December 31, 2023							
Kingdom of Saudi Arabia	**55,912,374**	**107,244,465**	**397,040,654**	**126,001,880**	**239,175,304**	-	**925,374,677**
Other GCC countries	**-**	**49,879,502**	**-**	**-**	**-**	-	**49,879,502**
Other countries	**4,491,185**	**3,904,401**	**-**	**-**	**-**	-	**8,395,586**
December 31, 2022							
Kingdom of Saudi Arabia	38,372,330	80,394,528	373,475,627	148,084,731	179,014,447	-	819,341,663
Other GCC countries	-	45,170,254	-	-	-	-	45,170,254
Other countries	6,693,434	6,010,039	-	-	-	-	12,703,473

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Commission rate risk
- Currency risk; and
- Liquidity risk

This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Net investment in lease
- Financial derivative instrument carried at fair value through profit or loss
- Recoverable amount from employees' benefits
- Contract assets
- Trade receivables
- Cash and cash equivalents
- Borrowings
- Lease liabilities
- Retention payables
- Trade payables
- Due from / to related parties
- Other financial assets and liabilities

Fair value and fair value hierarchy

The Group measures financial instruments at fair value at each consolidated statement of financial position date wherever such measurement is required by applicable financial reporting framework or the Group has a choice and it has chosen to do so under permitted accounting policies or where the Group is required to disclose the fair value in these consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(Saudi Riyals)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value and fair value hierarchy (continued)

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. External valuers are involved in the valuation of significant assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with its external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group’s accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing with the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2023					
Financial assets					
Financial derivative instrument carried at FVPL	**4,882,345**	**-**	**4,882,345**	**-**	**4,882,345**
Investments in equity instruments carried at FVOCI	**146,561,754**	**143,555,554**	**-**	**3,006,200**	**146,561,754**

		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2022					
Financial assets					
Financial derivative instrument carried at FVPL	6,923,382	-	6,923,382	-	6,923,382
Investments in equity instruments carried at FVOCI	275,592,374	258,499,995	-	17,092,379	275,592,374

(Saudi Riyals)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

General objectives, policies and processes for risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board of Directors receives periodical reports from the Group's CFO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales and unbilled revenue. It is the policy of the Group, implemented locally, to assess the credit risk of new customers before entering contracts.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	December 31, 2023	December 31, 2022
Trade receivables	**416,362,895**	378,480,873
Net investment in lease	**73,193,462**	70,459,470
Contract assets	**46,296,421**	46,111,957
Cash and bank balances	**28,906,359**	43,285,791
Recoverable amount from employees' benefits	**12,145,459**	10,188,303
Other receivables	**7,397,286**	2,681,061
Financial derivative instrument carried at FVPL	**4,882,345**	6,923,382
Due from related parties	**4,056,758**	9,588,371
Assets classified as held for sale	**126,816**	278,437
	593,367,801	567,997,645

The carrying amount of financial assets represents the maximum credit exposure. Credit risk on trade receivables, contract assets, net investment in leases, recoverable amount from employees' benefits, derivative financial instruments and bank balances is limited as:

- Derivative financial instruments and cash balances are held with banks with sound credit ratings.
- Trade receivables, contract assets, net investment in lease and recoverable amount from employees' benefits are shown net of allowance for impairment loss.
- The financial position of related parties is stable.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. Trade receivables outstanding balance as at December 31, 2023, comprises of 97% from customers within the Kingdom of Saudi Arabia (December 31, 2022: 96%) and 3% from customers outside the Kingdom of Saudi Arabia (December 31, 2022: 4%). As at December 31, the aging of unimpaired trade receivables was as follows:

(Saudi Riyals)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

General objectives, policies and processes for risk management (continued)

Credit risk (continued)

	December 31, 2023	December 31, 2022
Neither past due nor impaired	**183,717,236**	150,603,094
Past due 1-90 days	**78,046,886**	109,867,644
Past due 91-180 days	**26,057,673**	15,752,526
Past due 181-365 days	**38,865,611**	26,818,950
Past due over 365 days	**89,675,489**	75,438,659
Total	**416,362,895**	378,480,873

For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant variable commission bearing long-term assets, but has variable commission bearing liabilities as at December 31, 2023 and 2022. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates and by entering into interest rate swaps.

The Group's exposure to risk of changes in interest rates are as follows:

	December 31, 2023	December 31, 2022
Borrowings bearing floating interest rates	**385,500,621**	332,101,650
Borrowings bearing fixed interest rates	**94,666,666**	97,553,308
	480,167,287	429,654,958

The following table shows the sensitivity of the profit or loss to reasonably possible changes in interest rates, with other variables held constant.

	December 31, 2023	December 31, 2022
Interest rate +1%	**(2,979,001)**	(3,175,999)
Interest rate -1%	**2,979,001**	3,175,999

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that's not the Group's functional currency. The Group exposure to foreign currency risk is primarily limited to transactions in Great British Pounds ("GBP") and Egyptian Pounds ("EGP"). The Group is not exposed to foreign currency fluctuation risk arising from the Arab Emirates Dirham ("AED") and United State Dollars ("USD") as these are pegged to USD and SR respectively. The fluctuation in exchange rates against GBP and EGP are monitored on a continuous basis. Quantitative data regarding the Group's exposure to currency risk arising from these foreign currencies is as follows:

(Saudi Riyals)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

General objectives, policies and processes for risk management (continued)

Currency risk (continued)

	GBP	EGP	Total
December 31, 2023	**SR**	**SR**	**SR**
Cash at bank	**250,367**	**1,763,273**	**2,013,640**
Cash in hand	**83,677**	**3,522**	**87,199**
Trade receivables	**2,328,904**	**1,751,697**	**4,080,601**
Short-term borrowings	**119,273**	**-**	**119,273**
Trade payables	**13,848,204**	**936,628**	**14,784,832**
Net statement of financial position exposure	**(11,304,529)**	**2,581,864**	**(8,722,665)**
December 31, 2022			
Cash at bank	311,065	2,546,972	2,858,037
Cash in hand	9,894	9,663	19,557
Trade receivables	1,064,156	1,587,668	2,651,824
Short-term borrowings	3,552,576	-	3,552,576
Trade payables	7,328,338	640,217	7,968,555
Net statement of financial position exposure	(9,495,799)	3,504,086	(5,991,713)

Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the obligations, monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

December 31, 2023

	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Borrowings	**251,917,364**	**222,483,974**	**75,753,318**	**550,154,656**
Lease liabilities	**94,424,101**	**408,712,691**	**599,917,045**	**1,103,053,837**
Retention payable	**11,844,637**	**-**	**-**	**11,844,637**
Trade and other payables excluding retentions	**120,433,105**	**-**	**-**	**120,433,105**
Due to related parties	**1,513,577**	**-**	**-**	**1,513,577**
Total	**480,132,784**	**631,196,665**	**675,670,363**	**1,786,999,812**

(Saudi Riyals)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

General objectives, policies and processes for risk management (continued)

Liquidity risk (continued)

December 31, 2022

	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Borrowings	330,809,512	98,845,446	-	429,654,958
Lease liabilities	126,961,853	392,803,351	546,248,191	1,066,013,395
Retention payable	-	6,821,526	-	6,821,526
Trade and other payables excluding retentions	99,229,780	-	-	99,229,780
Due to related parties	12,117,950	-	-	12,117,950
Total	569,119,095	498,470,323	546,248,191	1,613,837,609

Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to shareholders.

The Group's objectives when managing capital are:

i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) to provide and adequate return to shareholders.

Consistent with the others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. The Group's gearing ratio as of the year end of the reporting year was as follows:

	December 31, 2023	December 31, 2022
Borrowings	**480,167,287**	429,654,958
Lease liabilities	**749,441,966**	774,081,371
Less: cash and cash equivalents	**(28,906,359)**	(43,285,791)
Net debt	**1,200,702,894**	1,160,450,538
Total equity attributable to shareholders of the Company	**460,639,783**	572,040,093
Gearing ratio	**2.61**	2.03

33. PRIOR YEARS' ADJUSTMENTS

In accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8"), management has restated the comparative figures to adjust prior year consolidated financial statements. The note below sets out the details of adjustments and reclassifications and the impact on the line items in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows.

A) The management reassessed the basis of revenue recognition in respect of certain contracts with customers which resulted in reversal of revenue for year ended December 31, 2022.

B) As a result of certain business units being classified as discontinued operations, the management has reclassified their related financial statement line items in the consolidated statement of profit or loss into 'loss from discontinued operations'. For details, please refer to note 23.

C) The management has reversed the write-off of a receivable as of January 1, 2022 as the Board of Directors approval for the write off had not been obtained by then. The write-off has been booked in the consolidated statement of profit or loss for the year ended December 31, 2022

33. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

D) The management identified certain errors in the application of its lease accounting in the prior years. These errors mainly pertained to the following:

- Correction of the incremental borrowing rates used in the prior years;
- Recognition of net investment in lease and derecognition of related right of use assets for sub-leases that qualified to be finance lease in accordance with IFRS 16;
- Recognition of additional leases which related to: a) The land of Al Jazeera school which had not been recognized due to the existence of grace period; and b) Qurtuba educational and residential complex which had not been recognized at the time of initial application of IFRS 16 due to the existence of legal cases filed by the Group for termination of the related lease contracts.

  The management has reassessed the basis of initial recognition of these leases and recognized the related right of use assets and lease liabilities retrospectively based on the existence of contractual obligations under the relevant lease contracts in accordance with IFRS 16; and
- Correction to the calculation of certain lease contracts to comply with the requirements of IFRS 16.

The correction of these errors resulted in adjustment to the balances of right of use assets, net investment in lease, prepayments and other receivables, assets and liabilities classified as held for sale and lease liabilities in the consolidated statement financial position as of January 1, 2022 and December 31, 2022. Furthermore, the depreciation charge related to the right of use assets, finance cost related to the lease liabilities, the finance income related to the net investment in lease and the loss on sub-lease arrangement was also adjusted in the consolidated statement of profit or loss for the year ended December 31, 2022.

E) The initial transaction cost related to the investment in units of Al Rajhi REIT fund had been booked incorrectly under prepayments and other receivables and was being amortized over a certain period of time instead of being recognized as part of the initial investment cost. The correction of this error has resulted in the reversal of the amortization charge recognized in the consolidated statement of profit or loss for the year ended December 31, 2022 and adjustment of the fair value reserve related to the investment in equity instruments carried at FVOCI as of January 1, 2022 and December 31, 2022.

F) During the current period, the management completed the purchase price allocation exercise related to the acquisition of Al – Faisaliyah National Schools Company which resulted in reversal of depreciation charge on downward fair value adjustment of property and equipment and recognition of amortization of identified intangible assets (Students' Relationship List). Refer to note 2(a) for further details.

G) The management identified an error in the useful life of property and equipment of Al – Faisaliyah National Schools Company. The correction of this error resulted in the reversal of the depreciation charge in the consolidated statement of profit or loss for the year ended December 31, 2022 and the consolidated statement of financial position as of date of acquisition and December 31, 2022.

H) The management performed actuarial valuation for the employees' end of service benefits of Al – Faisaliyah National Schools Company as of the date of acquisition and prior year end. This resulted in the recognition of additional charge in the consolidated statement of profit or loss for the year ended December 31, 2022 and liability in the consolidated statement of financial position as of date of acquisition and December 31, 2022.

I) The financial statements of Linguaphone Group Limited used in the preparation of consolidated financial statements of the Group had been prepared using a financial reporting framework other than IFRS. The conversion of prior years' financial statements of the aforementioned subsidiary to IFRS resulted in recognition of certain additional assets and liabilities with a corresponding impact on the accumulated losses and foreign currency translation reserve as of January 1, 2022 and December 31, 2022. This also impacted certain expenses recognized in the consolidated statement of profit or loss and foreign currency translation differences in the consolidated statement of comprehensive income for the year ended December 31, 2022.

33. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

J) This adjustment represents the correction of fees paid related to certain consultancy services which had been rendered in the year ended December 31, 2022 but not charged to the consolidated statement of profit or loss.

K) The management has reclassified impairment loss of trade receivables which had been incorrectly classified as general and administrative expenses in the consolidated statement of profit or loss for the year ended December 31, 2022.

L) The goodwill allocated to the foreign operations had not been translated using the exchange rates prevailing as of the years ended December 31, 2021 and 2022. The correction of this error resulted in recognition of additional foreign currency translation differences in the consolidated statement of comprehensive income for the year ended December 31, 2022 and foreign currency translation reserve in consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

Furthermore, the translation of goodwill related to Jobzella for Information Technology FZ – LLC resulted in reduction of the carrying value of net assets of the related cash generating unit. Accordingly, the impairment of goodwill recorded in the consolidated statement of profit or loss for the year ended December 31, 2022 became redundant leading to the reversal of impairment loss of SR 1.4 million on the aforementioned goodwill in the consolidated statement of profit or loss for the year ended December 31, 2022.

M) The management has recorded retention payable related to some of the construction projects which had not been recorded previously. This has resulted in resulted in recognition of addition to the property and equipment and liability related to retention payable in the consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

N) The management has reclassified certain intangible assets which had been incorrectly classified as property and equipment in the consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

O) The management has netted off the prepayment related to medical insurance with the corresponding liability under trade and other payables which had been incorrectly recorded in the consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

P) The management has reclassified unbilled revenue from trade receivables and work in progress to contract assets in the consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

Q) The management has reclassified unidentified deposits incorrectly netted with trade receivables to trade and other payables in the consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

R) The management has reclassified unpresented cheques from trade and other payables to cash and cash equivalents in the consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

S) The management has recognized a provision against one of the guarantees issued which had been defaulted by the Group in the consolidated statement of financial position as of January 1, 2022 and December 31, 2022.

T) The management has reinstated as contract liability some of the advances received from customers which had been incorrectly recognized as revenue.

U) The management has adjusted the incorrectly recognized dividend income and corresponding dividend receivable.

V) This adjustment represents the reversal of depreciation and amortization booked on assets classified as held for sale.

W) There have been certain other reclassifications in the comparative periods for better presentation and classification.

(Saudi Riyals)

33. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of profit or loss for the year ended December 31, 2022.

	Note	December 31, 2022 (Audited)	Adjustment	Reclassification	**December 31, 2022 (Restated)**
Continuing operations					
Revenue	A, B, T, W	880,897,839	(1,182,791)	(2,499,658)	**877,215,390**
Cost of revenue	B, D, E, F, G, I, W	(723,712,326)	(2,349,771)	(5,876,859)	**(731,938,956)**
Gross profit		157,185,513	(3,532,562)	(8,376,517)	**145,276,434**
Selling and marketing expenses	W	(21,873,461)	-	4,523,811	**(17,349,650)**
General and administrative expenses	B, C, D, H, I, J, K, W	(85,091,010)	(10,588,684)	6,785,025	**(88,894,669)**
Impairment loss on trade receivables	B, K	(10,164,414)	-	1,463,754	**(8,700,660)**
Impairment of goodwill	L	(1,463,540)	1,463,540	-	**-**
Other income	D, U, W	34,899,039	(6,651,618)	310,538	**28,557,959**
Operating profit		73,492,127	(19,309,324)	4,706,611	**58,889,414**
Finance cost	D, I, W	(57,428,832)	3,421,929	(2,330,321)	**(56,337,224)**
Finance income	D	-	3,277,755	-	**3,277,755**
Unrealized gain on financial derivative instrument carried at FVPL		3,811,154	-	-	**3,811,154**
Profit before zakat and income tax for the year		19,874,449	(12,609,640)	2,376,290	**9,641,099**
Zakat and income tax	W	(12,673,375)	-	(415,461)	**(13,088,836)**
Profit / (loss) from continuing operations		7,201,074	(12,609,640)	1,960,829	**(3,447,737)**
Loss from discontinued operations	B, V	(3,184,525)	119,807	(1,960,829)	**(5,025,547)**
Net profit / (loss) for the year		4,016,549	(12,489,833)	-	**(8,473,284)**
(Loss) / profit for the year attributable to:					
Shareholders of the Company		(2,836,980)	(12,474,525)	-	**(15,311,505)**
Non-controlling interests		6,853,529	(15,308)	-	**6,838,221**
Basic and diluted earnings per share for profit / (loss) attributable to the shareholders of the Company					
- from continuing operations		0.01	(0.19)	0.03	**(0.16)**
- from discontinued operations		(0.05)	0.00	(0.03)	**(0.08)**

(Saudi Riyals)

33. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of comprehensive income for the year ended December 31, 2022.

	Note	December 31, 2022 (Audited)	Adjustment	Reclassification	**December 31, 2022 (Restated)**
Net profit / (loss) for the year		4,016,549	(12,489,833)	-	**(8,473,284)**
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences	I, L	940,087	(1,781,236)	-	**(841,149)**
Items that will not be reclassified subsequently to profit or loss:					
Change in the fair value of investments in equity instruments carried at FVOCI		(32,774,398)	-	-	**(32,774,398)**
Re-measurement loss on employees' end of service benefits		(5,577,715)	-	-	**(5,577,715)**
Other comprehensive loss for the year		(37,412,026)	(1,781,236)	-	**(39,193,262)**
Total comprehensive loss for the year		(33,395,477)	(14,271,069)	-	**(47,666,546)**
Total comprehensive (loss) / income for the year attributable to:					
Shareholders of the Company		(40,249,006)	(14,255,761)	-	**(54,504,767)**
Non-controlling interest		6,853,529	(15,308)	-	**6,838,221**

(Saudi Riyals)

33. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of financial position as at January 1, 2022.

	Note	January 1, 2022 (Audited)	Adjustment	Reclassification	**January 1, 2022 (Restated)**
Property and equipment	M, N	475,915,945	1,632,962	(26,086,293)	**451,462,614**
Right of use assets	D, I	428,195,323	113,076,910	-	**541,272,233**
Intangible assets	I, L, N	31,867,528	625,703	26,086,293	**58,579,524**
Net investment in lease	D	-	64,024,236	-	**64,024,236**
Total non-current assets		1,255,198,134	179,359,811	-	**1,434,557,945**
Prepayments and other receivables	C, D, E, O, U, W	97,261,813	(10,209,316)	(9,908,190)	**77,144,307**
Current portion of net investment in lease	D, W	-	5,331,392	888,565	**6,219,957**
Contract assets	P	-	-	35,627,070	**35,627,070**
Trade receivables	P, Q	358,218,375	-	(30,101,920)	**328,116,455**
Cash and cash equivalents	R	126,105,863	-	(3,062,191)	**123,043,672**
Total current assets		595,533,788	(4,877,924)	(6,556,666)	**584,099,198**
Total assets		1,850,731,922	174,481,887	(6,556,666)	**2,018,657,143**
Accumulated losses		(7,465,538)	(102,052,587)	-	**(109,518,125)**
Foreign currency translation reserve	I, L	(2,728,551)	(3,773,344)	-	**(6,501,895)**
Fair value reserve	E	54,241,981	(4,500,000)	-	**49,741,981**
Total equity attributable to the shareholders of the Company		736,870,791	(110,325,931)	-	**626,544,860**
Total equity		740,388,207	(110,325,931)	-	**630,062,276**
Lease liabilities	D, I	426,758,733	251,785,427	-	**678,544,160**
Long-term retention	M	-	1,399,513	-	**1,399,513**
Total non-current liabilities		520,038,183	253,184,940	-	**773,223,123**
Bank overdrafts	W	4,002,477	-	(4,002,477)	-
Short-term borrowings and bank-overdrafts	W	162,170,870	-	4,002,477	**166,173,347**
Current portion of lease liabilities	D, I	76,777,974	24,105,009	-	**100,882,983**
Trade and other payables	I, O, Q, R, S	86,150,818	6,710,780	(6,556,666)	**86,304,932**
Contract liabilities	A, T	30,504,086	807,089	-	**31,311,175**
Total current liabilities		590,305,532	31,622,878	(6,556,666)	**615,371,744**
Total liabilities		1,110,343,715	284,807,818	(6,556,666)	**1,388,594,867**
Total equity and liabilities		1,850,731,922	174,481,887	(6,556,666)	**2,018,657,143**

(Saudi Riyals)

33. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of financial position as at December 31, 2022.

	Note	December 31, 2022 (Audited)	Adjustment	Reclassification	**December 31, 2022 (Restated)**
Property and equipment	F, G, M, N	564,784,979	11,453,406	(22,623,895)	**553,614,490**
Right of use assets	D, I	429,076,828	100,899,871	-	**529,976,699**
Intangible assets	I, F, L, N	83,886,038	4,363,062	22,623,895	**110,872,995**
Net investment in lease	D	-	61,970,600	-	**61,970,600**
Total non-current assets		1,370,451,904	178,686,939	-	**1,549,138,843**
Prepayments and other receivables	D, E, J, O, U, W	61,786,657	(14,325,595)	(13,546,102)	**33,914,960**
Work in progress	P	23,491,649	-	(23,491,649)	**-**
Current portion of net investment in lease	D, W	-	5,331,392	3,157,478	**8,488,870**
Contract assets	P	-	-	46,111,957	**46,111,957**
Trade receivables	I, P, Q, W	393,268,040	542,104	(15,329,271)	**378,480,873**
Cash and cash equivalents	R	45,490,349	-	(2,204,558)	**43,285,791**
Total current assets		541,144,362	(8,452,099)	(5,302,145)	**527,390,118**
Assets classified as held for sale	D, V	11,424,400	(1,164,900)	-	**10,259,500**
Total assets		1,923,020,666	169,069,940	(5,302,145)	**2,086,788,461**
Accumulated losses		(10,302,518)	(114,527,112)	-	**(124,829,630)**
Foreign currency translation reserve	L	(1,788,464)	(5,554,580)	-	**(7,343,044)**
Fair value reserve	E	21,467,583	(4,500,000)	-	**16,967,583**
Total equity attributable to shareholders of the Company		696,621,785	(124,581,692)	-	**572,040,093**
Non-controlling interest	F	29,923,531	5,570,145	-	**35,493,676**
Equity		726,545,316	(119,011,547)	-	**607,533,769**
Lease liabilities	D, W	435,245,827	235,448,825	3,574,135	**674,268,787**
Long-term retention	M	-	6,821,526	-	**6,821,526**
Employees' end of service benefits	H	83,214,564	1,887,935	-	**85,102,499**
Total non-current liabilities		626,548,943	244,158,286	3,574,135	**874,281,364**
Bank overdrafts	W	3,394,514	-	(3,394,514)	**-**
Short-term borrowings and bank-overdrafts	W	146,472,015	-	3,394,514	**149,866,529**
Current portion of lease liabilities	D, W	68,915,908	34,060,247	(3,163,571)	**99,812,584**
Trade and other payables	I, O, Q, R, S, W	97,730,837	7,525,131	(6,026,188)	**99,229,780**
Contract liabilities	T	41,785,156	1,989,880	-	**43,775,036**
Zakat and income tax payable	W	12,893,711	-	313,479	**13,207,190**
Total current liabilities		565,056,822	43,575,258	(8,876,280)	**599,755,800**
Liabilities directly associated with assets classified as held for sale	D	4,869,585	347,943	-	**5,217,528**
Total liabilities		1,196,475,350	288,081,487	(5,302,145)	**1,479,254,692**
Total equity and liabilities		1,923,020,666	169,069,940	(5,302,145)	**2,086,788,461**

(Saudi Riyals)

33. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of cash flows for the year ended December 31, 2022.

	December 31, 2022	Reclassification	**December 31, 2022**
	(Audited)		**(Restated)**
Net cash generated from operating activities	129,889,095	(4,201,970)	**125,687,125**
Net cash used in investing activities	(153,218,723)	7,072,819	**(146,145,904)**
Net cash used in financing activities	(56,677,923)	(3,185,718)	**(59,863,641)**

34. SUBSEQUENT EVENTS

a) On March 12, 2024, the General Assembly of the Company resolved to transfer the balance of statutory reserve of SR 83 million to the accumulated losses.

b) The Group signed a sublease contract for an educational and residential complex situated in Qurtubah for a period of 19 years and 8 months. The total rentals as per the signed sublease contract amount to SR 379.6 million receivable over the period of the sublease.

c) The Group signed a share purchase agreement to acquire 1.6 million ordinary shares representing 80% ownership in Adhwa'a Al-Hidaya Private Schools Company for Boys and Girls. As part of this share purchase agreement, the Company will issue 22.9 million new ordinary shares as an in-kind consideration to the owners of Adhwa'a Al-Hidaya Private Schools Company for Boys and Girls. The completion of this share purchase agreement is subject to a number of approvals from competent authorities which the Group is in process of obtaining as of the date of approval of these consolidated financial statements.

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on Ramadan 21, 1445H (corresponding to March 31, 2024).