Al Khaleej Training and Education Company
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2022

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Ibrahim Ahmed Al-Bassam & Co.
Certified Public Accountants
(Member of PKF International)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Khaleej Training and Education Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2022, 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 Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the Group, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2022;
- The consolidated statements of profit or loss for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

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 from the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

RIYADH
Tel. +966 11 206 5333 PO Box 69658
Fax +966 11 206 5444 Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 P.O Box 15651
Fax +966 12 652 2894 Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 PO Box 4636
Fax +966 13 893 3349 Al Khobar 11557

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matter
Revenue recognition	
With reference to the accounting policy relating to the revenue recognition, the Group's revenues for the year ended 31 December 2022 amounted to SR 880.9 million (2021: SR 844.2 million). Revenue is a key indicator of performance measurement, resulting in inherent risks in the revenue recognition process through revenue overstatements. Revenue is recognized when services are provided to customers from training, universities, project management, call centre and schools as in note (26). Due to the inherent risks in the revenue recognition process and the significance of revenue value, revenue recognition of services was considered as a key audit matter. Please refer to the accounting policy relating to the revenue recognition, as in note (5-22) and revenue-related disclosures as in note (26).	We have performed the following procedures: - Evaluation of the design and implementation of the internal control systems related to management procedures over revenue recognition; - Obtained an understanding of the nature of revenue contracts that the Group used for each material type of revenue item and selected a representative sample of revenue contracts to confirm our understanding and application of whether management's application of the requirements of IFRS 15 was consistent with the standard; - Performing a test of a sample of recorded revenue transactions and compared them with supporting documents to verify the occurrence of recorded revenue; - Performing analytical procedures for selected stream of revenue (Schools sector) to evaluate the reasonableness of the amount of revenue per the consolidated financial statement; - Inquired from the management representatives and those charged with governance regarding fraud awareness and the existence of any actual fraud cases, and - Assessing the adequacy of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matter
Goodwill impairment assessment	
With reference to the accounting policy relating to the Goodwill, the Group's goodwill for the year ended 31 December 2022 amounted to SR 78.2 million (2021: SR 25.6 million). The management performed a goodwill assessment by comparing the carrying amount of each cash-generating unit ("CGU") including goodwill, against its recoverable amount based on value-in-use ("VIU") calculations, using discounted cash flow model by cash flow projections based on financial budgets approved by management covering a period of five years. The Group's VIU calculation used in the goodwill impairment assessment includes significant judgments and assumptions regarding cash flow projections, long-term growth rates and discount rates, and is highly sensitive to changes in these assumptions, and thus was considered as a key audit matter. Please refer to the accounting policy relating to the goodwill, as in note (5-2 , 5-5) and goodwill-related disclosures as in note (9).	We have performed the following procedures: - Obtaining an understanding of the methodology adopted by the management in determining the cash generating unit and existence of impairment of goodwill and assessing whether this methodology is consistent with the requirements of IAS 36 "impairment of assets" and those used in this industry; - We reviewed relevant acquisition agreements and minutes of the board of directors to understand the business combination process; - Reviewed the reasonableness of the assumptions used in determining the projected cash flows, also, we compared the key assumptions with the previous factual results; - Tested the input data used in the VIU calculation on a sample basis and reviewed the mathematical accuracy of the calculation; - Involved our experts to assess the reasonableness of the VIU calculations and the key assumptions, including cashflow projections and discount rates used; and - Assessing the adequacy of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matter
Impairment of trade receivable	
As at 31 December 2022, total trade receivable amounted to SR 480,2 million (2021: SR 419.5 million and the allowance of impairment amounted to SR 105.3 million (2021: SR 96,8 million has been recognized against trade receivable. IFRS (9) requires "Expected Credit Loss" (ECL) the calculations of allowance for impairment of financial instruments including trade receivable. Management has applied the simplified approach of measurement of ECL to determine the allowance for impairment of trade receivable. The calculations of allowance of ECL includes significant judgments and estimates, and thus was considered as a key audit matter. Please refer to the accounting policy relating to the impairment of financial assets, as in note (5-18) and allowance for impairment of trade receivable disclosures as in note (12).	We have performed the following procedures: - Obtaining an understanding of the methodology adopted by the management in assessing the impairment of trade receivable values and applying the allowance of ECL and the related assumptions and estimates; - Involved our expert to assess appropriateness of significant assumptions / judgements used by the Group's management compared to what is generally accepted; - Evaluating the completeness, accuracy, and relevance of data; - Examining a sample of Trade receivable balances to which impairment has been calculated during the year to assess the reasonableness of estimates used by the group's management; - Evaluating the appropriateness and test the mathematical accuracy of models applied; and - Assessing the adequacy of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group but does not include the consolidated financial statements and our auditor's report thereon, which 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 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 Annual Report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSILDATED 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 the 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 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 the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

RIYADH
Tel. +966 11 206 5333 P.O Box 69658
Fax +966 11 206 5444 Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 P.O Box 15651
Fax +966 12 652 2894 Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 P.O Box 4636
Fax +966 13 893 3349 Al Khobar 11557

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (6 /7)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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's to cease to continue as a going concern.

PKF
Ibrahim Ahmed Al-Bassam & Co.
Certified Public Accountants
(Member of PKF International)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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.

- 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 direction, supervision and performance of 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, related safeguards.

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

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
C.R 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337
Riyadh: 24 Shawwal 1444H
Corresponding to: 14 May 2023

RIYADH
Tel. +966 11 206 5333 P.O Box 69658
Fax +966 11 206 5444 Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 P.O Box 15651
Fax +966 12 652 2894 Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 P.O Box 4636
Fax +966 13 893 3349 Al Khobar 31952

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021 (Restated – note 39)	1 January 2021 (Restated – note 39)
ASSETS				
Non-current assets				
Property and equipment	6	**564,784,979**	475,915,945	459,350,276
Right of use assets	7	**429,076,828**	428,195,323	408,965,458
Investments in equity instruments at fair value through OCI	8	**275,592,374**	308,366,773	271,812,091
Intangible assets	9	**83,886,038**	31,867,528	31,946,770
Financial derivative instruments carried at FVTPL	10	**6,923,382**	3,112,228	-
Recoverable amount from employees benefits	21	**10,188,303**	7,740,337	4,223,100
Total non-current assets		**1,370,451,904**	1,255,198,134	1,176,297,695
Current assets				
Inventories	11	**7,519,296**	9,640,686	11,676,229
Trade receivables	12	**393,268,040**	358,218,375	366,826,005
Prepayments and other receivables	13	**61,786,657**	97,261,813	61,632,542
Work in progress	14	**23,491,649**	-	-
Due from related parties	15	**9,588,371**	4,307,051	-
Cash and cash equivalent	16	**45,490,349**	126,105,863	22,126,872
Total current assets		**541,144,362**	595,533,788	462,261,648
Assets from discontinued operations	17	**11,424,400**	-	-
TOTAL ASSETS		**1,923,020,666**	1,850,731,922	1,638,559,343
EQUITY AND LIABILITIES				
Equity attributable to the shareholders of the parent				
Share capital	18	**650,000,000**	650,000,000	450,000,000
Statutory reserve		**83,043,571**	83,043,571	83,043,571
Actuarial reserve		**(45,798,387)**	(40,220,672)	(13,297,029)
(Accumulated losses) Retained earnings		**(10,302,518)**	(7,465,538)	43,654,901
Foreign currency translation reserve		**(1,788,464)**	(2,728,551)	(2,772,628)
Fair value reserve	8	**21,467,583**	54,241,981	20,693,499
Total equity attributable to the Shareholders of the Company		**696,621,785**	736,870,791	581,322,314
Non-controlling interest	19	**29,923,531**	3,517,416	2,871,761
Total equity		**726,545,316**	740,388,207	584,194,075
LIABILITIES				
Non-current liabilities				
Non-current portion of lease liabilities	7	**435,245,827**	426,758,733	446,794,676
Long-term borrowings	20	**98,845,446**	-	161,156,800
Employees' post-employment benefits	21	**83,214,564**	83,232,596	60,808,916
Deferred gain from sale of property and equipment	22	**9,243,106**	10,046,854	10,850,602
Total non-current liabilities		**626,548,943**	520,038,183	679,610,994
Current liabilities				
Banks overdraft	16	**3,394,514**	4,002,477	4,829,435
Short-term borrowings	20	**146,472,015**	162,170,870	261,013,840
Current portion of long-term borrowings	20	**180,942,983**	218,882,714	-
Current portion of deferred gain from sale of property and equipment	22	**803,748**	803,748	803,748
Current portion of lease liabilities	7	**68,915,908**	76,777,974	23,301,676
Trade and other payables	23	**97,730,837**	86,150,818	79,100,528
Due to related parties	15	**12,117,950**	263,277	240,041
Contract liabilities	24	**41,785,156**	30,504,086	3,990,315
Zakat and income tax payable	25	**12,893,711**	10,749,568	1,474,691
Total current liabilities		**565,056,822**	590,305,532	374,754,274
Liabilities from discontinued operations	17	**4,869,585**	-	-
TOTAL LIABILITIES		**1,196,475,350**	1,110,343,715	1,054,365,268
TOTAL EQUITY AND LIABILITIES		**1,923,020,666**	1,850,731,922	1,638,559,343
CONTINGENT AND COMMITMENTS	36			

الوليد الدريان   عنه الوليد الدريان

Sherif Esmat	Alwaleed A. Aldryaan	Abdulaziz Al-Rashid
Chief Financial Officer	Chief Executive Officer	Chairman

The accompanying notes from 1 to 42 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 31 DECEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December ٢٠٢٢	31 December 2021 (Restated- note 39)
CONTINUED OPERATIONS			
Revenues	26	**880,897,839**	842,797,187
Cost of revenues	27	**(723,712,326)**	(695,902,646)
GROSS PROFIT		**157,185,513**	146,894,541
Selling and marketing expenses	28	**(21,873,461)**	(25,837,291)
General and administrative expenses	29	**(85,091,010)**	(86,798,304)
Allowance of expected loss on trade receivables	12	**(10,164,414)**	(34,266,508)
Impairment in intangible assets	9	**(1,463,540)**	-
Other impairment	30	-	(2,234,133)
PROFIT / (LOSS) FROM MAIN OPERATIONS		**38,593,088**	(2,241,695)
Finance costs	31	**(57,428,832)**	(53,586,985)
Other income, net	32	**34,899,039**	30,879,672
Unrealized gain on financial derivative instruments	10	**3,811,154**	3,112,228
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX		**19,874,449**	(21,836,780)
Zakat and income tax	25	**(12,673,375)**	(11,483,259)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		**7,201,074**	(33,320,039)
DISCONTINUED OPERATIONS			
Loss from discontinuing operations	17	**(3,184,525)**	-
NET PROFIT / (LOSS) FOR THE YEAR		**4,016,549**	(33,320,039)
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the parent Company		**(2,836,980)**	(35,847,636)
Non-controlling interests		**6,853,529**	2,527,597
		4,016,549	(33,320,039)
BASIC AND DILUTED EARNINGS PER SHARE FOR THE YEAR:			
ATTRIBUTABLE TO THE SHAREHODERS OF THE COMPANY	33	**(0.04)**	(0.74)
ATTRIBUTABLE TO DISCONTINUING OPERATIONS	33	**(0.05)**	-

Sherif Esmat	Alwaleed A. Aldryaan	Abdulaziz Al-Rashid
Chief Financial Officer	Chief Executive Officer	Chairman

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPRHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December ٢٠٢٢	31 December 2021 (Restated – note 39)
NET PROFIT / (LOSS) FOR THE YEAR		**4,016,549**	(33,320,039)
OTHER COMPEREHNSINVE INCOME:			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		**940,087**	44,077
		940,087	44,077
Items that will not be reclassified subsequently to profit or loss:			
Change in the fair value of investments in equity instruments	8	**(32,774,398)**	33,548,482
Actuarial loss on employees' post-employment benefits	21	**(5,577,715)**	(26,923,643)
		(38,352,113)	6,624,839
TOTAL COMPREHENSIVE INCOME		**(33,395,477)**	(26,651,123)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the parent Company		**(40,249,006)**	(29,178,720)
Non-controlling interests		**6,853,529**	2,527,597
		(33,395,477)	(26,651,123)

Sherif Esmat	Alwaleed A. Aldryaan	Abdulaziz Al-Rashid
Chief Financial Officer	Chief Executive Officer	Chairman

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Equity attributable to the shareholders of the parent							Total equity	
	Share capital	**Statutory reserve (Restated)**	**Actuarial reserve (Restated)**	**Retained earnings (Restated)**	**Foreign currency translation reserve**	**Fair value reserve**	**Equity**	**Non-controlling interests**	**Total**
Balance at 1 January 2021	450,000,000	83,043,571	(13,297,029)	55,548,483	(2,772,628)	20,693,499	593,215,896	2,871,761	596,087,657
Impact of adjustment for prior year (note 39)	-	-	-	(11,893,582)	-	-	(11,893,582)	-	(11,893,582)
Balance at 1 January 2021 – restated	450,000,000	83,043,571	(13,297,029)	43,654,901	(2,772,628)	20,693,499	581,322,314	2,871,761	584,194,075
Increase of share capital	200,000,000	-	-	-	-	-	200,000,000	-	200,000,000
Net profit of the year before restatement	-	-	-	20,687,921	-	-	20,687,921	2,527,597	23,215,518
Impact of adjustment for prior year (note 39)	-	-	-	(56,535,557)	-	-	(56,535,557)	-	(56,535,557)
Net loss of the year – restated	-	-	-	(35,847,636)	-	-	(35,847,636)	2,527,597	(33,320,039)
Other comprehensive income for the year	-	-	(26,923,643)	-	44,077	33,548,482	6,668,916	-	6,668,916
Total profit and other comprehensive income	-	-	(26,923,643)	(35,847,636)	44,077	33,548,482	(29,178,720)	2,527,597	(26,651,123)
Expenses of capital increase for right issues	-	-	-	(4,022,803)	-	-	(4,022,803)	-	(4,022,803)
Dividends paid (Note 40)	-	-	-	(11,250,000)	-	-	(11,250,000)	(1,881,942)	(13,131,942)
Balance at 31 December 2021 – restated	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
Balance at 1 January ٢٠٢٢ – restated	**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**
Net loss for the year	-	-	-	**(2,836,980)**	-	-	**(2,836,980)**	**6,853,529**	**4,016,549**
Other comprehensive loss for the year	-	-	**(5,577,715)**	-	**940,087**	**(32,774,398)**	**(37,412,026)**	-	**(37,412,026)**
Total profit and other comprehensive loss for the year	-	-	**(5,577,715)**	**(2,836,980)**	**940,087**	**(32,774,398)**	**(40,249,006)**	**6,853,529**	**(33,395,477)**
Additional payment to increase Capital	-	-	-	-	-	-	-	**11,026,327**	**11,026,327**
Dividend paid	-	-	-	-	-	-	-	**(2,776,181)**	**(2,776,181)**
Acquisition of new subsidiaries (note 34)	-	-	-	-	-	-	-	**11,302,440**	**11,302,440**
Balance at 31 December ٢٠٢٢	**650,000,000**	**83,043,571**	**(45,798,387)**	**(10,302,518)**	**(1,788,464)**	**21,467,583**	**696,621,785**	**29,923,531**	**726,545,316**

Sherif Esmat	Alwaleed A. Aldryaan	Abdulaziz Al-Rashid
Chief Financial Officer	Chief Executive Officer	Chairman

The accompanying notes from 1 to 42 form an integral part of these consolidated financial statements

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December ٢٠٢٢	31 December 2021 (restated – note 39)
OPERATING ACTIVITIES			
Profit before zakat and income tax		**19,874,449**	(21,836,780)
Adjustments to:			
Depreciation	6	**32,621,976**	29,928,903
Right of use assets depreciation	7	**38,731,320**	37,845,043
Right of use of assets and lease liabilities disposals	7	**3,036,195**	-
Intangible assets Amortization	9	**739,732**	545,344
Unrealized gain on financial derivative instruments		**(3,811,154)**	(3,112,228)
Deferred gain on sale of property and equipment	22	**(803,748)**	(803,748)
Allowance of expected loss on trade receivables	12	**10,164,414**	34,266,508
Provision for slow moving inventory	11.1	**6,115,747**	367,518
Bad debts	12	**-**	(32,490)
Loss from sale of property and equipment		**-**	(1,603,140)
Provision for employees' end of service benefits	21	**16,183,866**	12,019,801
Impairment of intangible assets	9	**1,463,540**	-
Loss from discontinuing operations	17	**(3,184,525)**	-
Finance costs	31	**57,428,832**	53,586,985
Foreign currency translation reserve		**940,088**	44,077
		179,500,732	141,215,793
Net changes in working capital:			
Inventories		**(3,921,351)**	1,668,025
Trade receivables		**(32,680,091)**	(25,658,875)
Prepayments and other receivables		**38,312,614**	(38,635,472)
Work in progress		**(23,491,649)**	-
Due from related party		**(2,709,217)**	(4,307,051)
Trade and other payables		**1,886,907**	7,082,778
Due to related parties		**(145,327)**	23,236
Contract liabilities		**11,281,070**	26,513,771
Discontinued operations - assets net of liabilities		**784,359**	-
		168,818,047	107,902,205
Employees' end of service benefits paid	21	**(28,399,720)**	(20,037,003)
Zakat and income tax paid	25.b	**(10,529,232)**	(2,208,382)
Net cash generated from operating activities		**129,889,095**	85,656,820
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(95,657,146)**	(47,887,820)
Proceed from sale of property and equipment		**-**	2,996,388
Additions to intangible assets	9	**(203,727)**	(466,102)
Additions to right of use of assets	7	**-**	(57,074,906)
Net cash flows from acquisition of subsidiary		**(57,357,850)**	-
Net cash used in investing activities		**(153,218,723)**	(102,432,440)

الوليد الدريان

الوليد الدريان عنه

Sherif Esmat	Alwaleed A. Aldryaan	Abdulaziz Al-Rashid
Chief Financial Officer	Chief Executive Officer	Chairman

The accompanying notes from 1 to 42 form an integral part of these consolidated financial statements

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021 (restated – note 39)
FINANCING ACTIVITIES			
Issuance of share capital		-	200,000,000
Issuance cost		-	(4,022,803)
Loans proceeds	20	**310,473,305**	521,656,627
Loans repayment	20	**(275,581,330)**	(562,773,683)
Finance costs paid	31	**(57,428,832)**	(53,586,985)
Additional to lease obligations	7	-	58,135,220
Lease obligations paid	7	**(42,391,212)**	(24,694,865)
Dividends paid		-	(11,250,000)
Additional paid up capital by non-controlling interest		**11,026,327**	-
Non-controlling interests		**(2,776,181)**	(1,881,942)
Net cash (used in) generated from financing activities		**(56,677,923)**	121,581,569
Net change in cash and cash equivalent		**(80,007,551)**	104,805,949
Cash and cash equivalent at the beginning of the year	16	**122,103,386**	17,297,437
Cash and cash equivalent at the end of the year	16	**42,095,835**	122,103,386
Non-cash transactions:			
Net accrued amount of acquisition of subsidiary, against due to related parties		**(12,000,000)**	-
Disposal from property and equipment, against discontinued operation		**(7,339,174)**	-
Right of use asset additions, against lease liabilities		**(15,117,755)**	-

Sherif Esmat
Chief Financial Officer

Alwaleed A. Aldryaan
Chief Executive Officer

Abdulaziz Al-Rashid
Chairman

The accompanying notes from 1 to 42 form an integral part of these consolidated financial statements

(All amounts in Saudi Riyals unless otherwise stated)

1. CORPORATE AND GROUP INFORMATION

1-1 Corporate information

Al Khaleej Training and Education Company ("the Company") is a Saudi Joint Stock Company registered under commercial registration number 1010103367 dated 30 Jamada Al Awal 1413 H (corresponding to 24 November 1992 G). The head office located at Olaya area, Riyadh.

On March 30, 2021 corresponding to Sha'aban 17, 1442 AH, the Company announced the Board of Directors' recommendation to increase the capital by offering rights shares in order to enable the company to acquire assets in education. The Capital Market Authority " CMA " issued its approval of the company's request to increase The capital on September 30, 2021, and the Extraordinary General Assembly approved the capital increase on November 3, 2021 corresponding to Rabi' Al-Awal 28, 1443 AH by offering rights-based shares to shareholders at an increase of 0.44 shares for each share, and the number of increase shares is 20 million shares, with a value of 200 million Saudi Riyals After the increase,the capital became 650 million Saudi Riyal, divided into 65 million ordinary shares.
The Company and its subsidiaries (together, "the Group") are engaged in the training services for computer and related electronics services, establishment and constructions of schools and cafeterias, teaching English language, holding training courses, operation maintenance and computer software, installation of networks, infrastructures, communication systems, call centers and technical supports.

1-2 Group information

The following is the list of subsidiaries included in these consolidated financial statements which provide training services. The ownership percentages presented below:

Subsidiary companies	Country of incorporation	Activities	Direct / indirect ownership 31 December 2022	Direct / indirect ownership 31 December 2021
Fast Lane Group (Fast Lane Consultancy duty free – (LTD.)	United Arab Emirates	Training and advisory to individual and corporates	80%	80%
Al Khaleej Training and Information Technology Company	Egypt	Training courses for English and IT	57%	57%
Online Trading Academy Duty free – LTD.	United Arab Emirates	Training in trade in the financial markets	100%	100%
Franklin Covey Middle East Company and its subsidiaries	United Arab Emirates	Training in human resource behavior	61%	61%
Linguaphone Limited Company	United Kingdom	A world-leading provider of self-study and classroom-based language courses	100%	100%
Jobzella	Egypt	Professional online career network for job seekers and employers to connect	60%	60%
Al – Roqi National Schools Company	Saudi Arabia	Education	60%	-
Al – Faisaliyah National Schools Company	Saudi Arabia	Education	60%	-
Applied Digital Media Services Company	United Arab Emirates	Research and development through online websites	-	100%

(All amounts in Saudi Riyals unless otherwise stated)

1 CORPORATE AND GROUP INFORMATION (CONTINUED)

1-2 Group information (CONTINUED)

The Company operates through its following branches:

No.	Branch name	Location	Issue date	Commercial register number
1	Al-Khaleej Women's Higher Institute for Training	ALMadinah ALMunawwarah	9-10-1435	4650073903
2	Al-Khaleej Women's Higher Institute for Training	Khamis Mushait	23-01-1427	5855026677
3	Al-Khaleej Higher Training Institute	Makkah	02-02-1420	4031038762
4	Al-Khaleej Institute for English Language Education	Riyadh	14-02-1440	1010473765
5	Al-Khaleej Institute for English Language Education	Riyadh	03-03-1437	1010439960
6	Al-Khaleej Higher Training Institute	Riyadh	16-04-1436	1010430266
7	Al-Khaleej Women's Higher Institute for Training	Makkah	21-04-1436	4031090192
8	Al-Khaleej Higher Training Institute	Abha	24-04-1432	5850036806
9	Al-Khaleej Training and Education Company	Jeddah	01-05-1439	4030298941
10	Al-Khaleej Women's Higher Institute for Training, Alkhaleej Training and Education Company Branch	Jeddah	11-05-1436	4030280772
11	Al-Khaleej Higher Training Institute	Jeddah	21-05-1418	4030122203
12	Al-Khaleej Institute, Alkhaleej Training and Education Company Branch	Riyadh	22-05-1437	1010442273
13	Baraem Rowad Alkhaleej International Schools	Riyadh	03-06-1438	1010468530
14	Al-Khaleej Training and Education Company	Abha	20-06-1440	5850122851
15	Al-Khaleej Women's Higher Institute for Training	Al Khobar	23-06-1435	2051057228
16	Baraem Rowad Alkhaleej International Schools	Riyadh	01-07-1434	1010373935
17	Al-Khaleej Employment Company	Riyadh	10-07-1442	1010690019
18	Alkhaleej Women's Higher Institute for Training	Al Mubarraz	28-07-1422	2252027144
19	Rowad Alkhaleej International Schools, Alkhaleej Training and Education Company Branch	Riyadh	24-08-1432	1010313248
20	Al-Khaleej Women's Higher Institute for Training	Riyadh	24-08-1435	1010418073
21	Al-Khaleej Higher Training Institute	Buraydah	24-08-1423	1131036224
22	Al-Khaleej Higher Training Institute	ALMadinah ALMunawwarah	21-10-1426	4650036870
23	Rowad Alkhaleej International Schools, Alkhaleej Training and Education Company Branch	Dammam	04-11-1431	2050072673
24	Al-Khaleej Higher Training Institute	Riyadh	24-08-1435	1010418105
25	Al-Khaleej Women's Higher Institute for Training, Alkhaleej Training and Education Company Branch	Riyadh	25-08-1435	1010418220
26	Al-Khaleej Higher Training Institute	Al Khobar	21-11-1414	2051017604
27	Rowad Alkhaleej Private Schools	Dammam	23-06-1430	2050065522
28	Baraem Rowad Alkhaleej International Schools	Al Khobar	04-06-1436	2051060277
29	Rowad Alkhaleej International Schools, Al Khobar	Al Khobar	17-06-1443	2051239684
30	Al-Khaleej Training and Education Company	Riyadh	12-08-1443	1010788858
31	Al-Khaleej Leading	Riyadh	12-01-1444	1010818175
32	Al-Khaleej Training Center	Riyadh	01-03-1444	1010833422
33	Spectrum wellness center *	Riyadh	21-3-1422	1010167124
34	Vogue Beauty Salon For Women's *	Khobar	15-11-1433	2051050280
35	Spectrum Health Sports Center *	Eastern Province	23-04-1435	2051056443
36	Sports Fitness Professionals Center *	Riyadh	17-04-1432	1010467302
37	Spectrum Health Sports Center *	Riyadh	12-10-1432	1010385498
38	Vogue Beauty For Women's *	Riyadh	21-07-1437	1010443889
39	Vogue Beauty Salon For Women's *	Riyadh	06-07-1433	1010340129
40	Spectrum Health Sports Center *	Riyadh	02-08-1437	1010461046
41	Spectrum Health Sports Center *	Riyadh	02-08-1437	1010461047
42	Vogue Beauty Salon For Women's *	Riyadh	07-03-1437	1010361382

* these commercial registers related to assets and liabilities from discontinued operations (note 17).

2. BASIS OF PREPARATION

2-1 Statements of compliance

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

2. BASIS OF PREPARATION (CONTINUED)

2-2 Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (collectively the “Group”) as disclosed within note (1). Accordingly, comprises of the financial statements of the parent company and its subsidiaries as at 31 December 2022. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group 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 Group controls an investee if and only if the Group 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.

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
• The contractual arrangement with the other voting holders of the investee
• Rights arising from other contractual arrangements
• The Group’s voting rights and potential voting rights

The Group re-assesses 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 Group obtains control over the subsidiary and ceases when the Group loses its control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group gains control until the date the Group ceases to control over subsidiary.
Profit or loss and each component of consolidated comprehensive income are attributed to shareholders of the parent company of the Group 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 consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:
• Derecognizes the assets (including goodwill) and liabilities of the subsidiary
• Derecognizes the carrying amount of any non-controlling interests
• Derecognizes the cumulative translation differences recorded in equity
• Recognizes the fair value of the consideration received.
• Recognizes the fair value of any investment retained
• Recognizes any surplus or deficit in consolidated statement of profit or loss.
• Reclassifies the parent company’s share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2-3 Basis of measurement

These consolidated financial statements are prepared under the historical cost method except for the following:
a) Financial derivative instruments measured at fair value;
b) Investments that are measured at fair value; and
c) Employees' post-employment benefits recognized at the present value of future obligations using the Projected Unit Credit Method.

2-4 Functional and presentation currency

These consolidated financial statements have been presented in Saudi Riyals (SR) which is the Company’s functional and the Group’s presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

(All amounts in Saudi Riyals unless otherwise stated)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3-1 New amendments to standards issued and applied effective in year 2022

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9 IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements. IFRS 9: The amendment clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before intended use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

(All amounts in Saudi Riyals unless otherwise stated)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

3-2 New amendments to standards issued but are not yet effective:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS (CONTINUED)

The following are the critical judgments, apart from those involving estimations described below, that the management has made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognized in the consolidated financial statements.

4.1 judgments

Determining whether the Group is acting as an agent or principal
The Group has carried out a comprehensive reassessment of these arrangements to determine whether the Group is acting as a principal or an agent when delivering service to a customer as this will impact whether revenue is recognized on a gross or net basis. The Group considered factors like having primary responsibility to provide the goods, assuming inventory risk, and having the ability to establish prices. Where such indicators are met the Group is considered acting as a principal and therefore, revenue transactions related to the above are recorded on a gross basis.

Going concern
As of 31 December 2022, the Group's current liabilities exceeded its current assets by an amount of SR 23,912,460 (31 December 2021 and 1 January 2020 current liabilities not exceed the current assets) which is mainly due to the loan balance amounting to SR 327,414,998. Despite the deficit in working capital, the Group has a positive equity amounting to SR 696,621,785 and positive operating cash flow amounting to SR 129,889,095 which is an indication of the Group's ability to meet its obligations when they are due. The management also believes that it is able to benefit from new facilities if required. Accordingly, the consolidated financial statements have been prepared on the basis of the going concern principle, and the loans continue to be classified according to the original repayment terms (Note 20).

4.2 Assumptions and estimation uncertainties

Determination of discount rate for present value calculations
Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the tenure of the agreement and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Group.

4-3 Actuarial valuation of employees' post-employment benefits
The cost of the post-employment benefits ("employee benefits") 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 rates and rate of employee turnover. 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.

4-4 Fair value measurement and valuation process
Certain Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group's management is responsible to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

4-5 Useful lives of property and equipment and intangibles
As described in note 4, the Group estimates the useful lives of property and equipment and intangibles at the end of each annual reporting period. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS (CONTINUED)

4-6 Provision for zakat

Management has assessed the zakat position having regard to the local zakat legislation, decrees issued periodically and conventions. Interpretation of such legislation decrees and conventions are not always clear and entail completion of assessment by the Zakat, Tax and Customs Authority (“ZATCA”).

4-7 Impairment of goodwill

The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value, less costs to sell and its value in use. This complex valuation process used to determine fair value less costs to sell and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows.

4-8 Allowance for impairment losses of receivable value

Management has estimated the recoverability of the receivable value and has taken into account the required provisions. Management has estimated the provisions for receivables based on past experience and the current economic environment to recover outstanding long-term receivables. Estimating the amount of the provision required significant judgment and use of estimates regarding the amount and timing of estimated losses based on past experience of losses, current conflicts, and consideration of current economic trends and conditions, all of which may be subject to significant change.

The provision is charged to operations based on management's periodic evaluation of the aforementioned factors, as well as other relevant factors. To the extent that actual results differ from management's estimates, a provision may be made for impairment of trade receivables or reversal of the excess provision that could adversely or positively affect earnings or financial position in future periods.

5. SIGNIFICANT ACCOUNTING POLICIES

5-1 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when:

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

The Group classifies all other liabilities as non-current liabilities.

5-2 Business combinations

Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in the consolidated statement of profit or loss as incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-2 Business combinations (CONTINUED)

When the Group acquires a business, it assesses the identifiable 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 of the acquiree.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value with limited exceptions.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), 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 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 a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition ,goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units (“CGU”) that are expected to benefit from the consolidation regardless of whether the other assets or liabilities acquired have been allocated to those units.

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to distribute the carrying amount of the goodwill to the cash generating units or the Group of cash generating units expected to benefit from business combination.

Where goodwill is allocated to the cash generating unit and part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on disposal of the operation.

The goodwill in such circumstances is Measured on the basis of the value of a similar disposed operation and the remaining portion of the cash-generating unit. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom. Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability.

Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-2 Business combinations (CONTINUED)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

5-3 Property and equipment

Property and equipment are recognized initially at the cost of acquisition, including any directly attributable costs of bringing the assets to the location and condition necessary for them to operate in the manner intended by the Group's management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the major components of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Depreciation is charged to the consolidated statement of profit or loss and calculated using the straight-line method to allocate the costs of the related assets after deducting the residual values over the estimated useful lives of each item of property, plant and equipment. The following are the estimated depreciation rates for the assets:

Description	**Years**
Buildings	15-50
Furniture, office equipment and tools	4-9
Leasehold improvement	15 or lease period whichever is les
Vehicles	7

Construction works in progress

Construction works in progress are stated at cost less impairment losses. All expenses incurred during the installation and construction period are recorded and charged to Construction works in progress, then the cost of assets in progress is transferred to the appropriate category of property and equipment when they are ready to use. The cost of Construction works in progress includes purchase costs and costs that are directly attributable to bringing the assets under construction for their intended purpose or use.

5-4 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.
Intangible assets with finite lives are amortized over their useful economic lives 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 statement of profit or loss and expenses in the expense category consistent with the function of the intangible assets. Intangible assets residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-5 Goodwill
Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Group enters into a business combination, the acquisition method of accounting is used. Goodwill is allocated, as of the date of the business combination, to cash generating units that are expected to benefit from the business combination. Each cash generating unit represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

5-6 Impairment testing on goodwill
The Group’s management performs annual impairment test of goodwill for the purpose of impairment testing and to identify whether the carrying value of goodwill is less than its recoverable value. The recoverable value is determined based on information used in the expected work plans for the five years following the consolidated financial statements and their related cash flows. Impairment testing is performed based on the measurement of current value of the future cash flows for five years in accordance with reasonable and objective assumptions to estimate cash flow depending on recent variable budgets approved by the management.

5-7 Impairment of non-financial assets
The Group assesses at each reporting date whether there is any indication that the 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. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its usable value.

The recoverable amount of an individual asset is determined unless the asset does not generate cash inflows that are largely independent of those of other assets or a group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and 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.

Recent market transactions are considered in determining fair value less costs of disposal. In the event that such transactions cannot be determined, the appropriate valuation form is used. Goodwill is tested annually for impairment and no impairment losses to goodwill are reversed.

The Group bases its calculation of impairment on detailed budgets and operating plans, which are prepared separately for each of the cash-generating units of the group to which the individual assets are distributed. These operating budgets and plans generally cover a period of five years. The long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

Impairment losses from continuing operations are recognized in the consolidated statement of profit or loss in categories of expenses consistent with the function of the impaired asset.
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. When such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed so that the carrying amount of the asset does not exceed its recoverable amount and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. This response is recognized in the consolidated statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. When such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed so that the carrying amount of the asset does not exceed its recoverable amount and does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. This reversal of an impairment loss is recognized in the consolidated statement of profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-8 Inventory

Inventories consist of textbooks, stationery and school uniforms. Inventories are valued at cost or net realizable value, whichever is lower, and cost is determined on a weighted average basis. The realizable value is the difference between the estimated selling price in the ordinary course of business, less the estimated costs of completion and expenses to complete the sale.

The Group reviews the carrying amount of inventories on a regular basis. When necessary, inventories are written down to their net realizable value or provision is made for obsolescence if there is a change in the usage pattern or physical form of the related inventories.

Management estimates the net realizable value of inventory, considering the most reliable evidence at the time the estimates are used and making a provision for obsolete inventory. These estimates consider changes in demand for goods, technological changes, and fluctuations in quality and prices. Accordingly, the Group considers and these factors in calculating the provision for obsolete, slow moving and obsolete inventory..

5-9 Cash and Cash Equivalents

Cash and cash equivalents include bank balances and deposits with original maturities of three months or less, if any. It also includes bank overdrafts which form an integral part of the Group's cash management and are likely to fluctuate from overdrawn to positive balances.

5-10 Equity Reserves

Share capital represents the nominal (par) value of shares that have been issued. Retained earnings include all current and prior period retained profits. All transactions with owners of the Group are recorded separately within equity.

5-11 Statutory Reserve

In accordance with its By-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Group is required to transfer 10% of its net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This Statutory Reserve is not available for distribution to shareholders. However, it may be used to increase capital after obtaining shareholder approval.

5-12 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5-13 Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of fulfilling the obligations under the contract exceed the economic benefits expected to be received under it.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-14 Contingent liabilities

All contingent liabilities arising from past events that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the Group or all current liabilities arising from past events but are not proven for the following reasons:

1) There is no possibility that the flow of external resources inherent in economic benefits will be required to settle the obligation

2) The amount of the obligation cannot be measured reliably they should all be assessed at the date of each financial position and disclosed in the Group's consolidated financial statements within the contingent liabilities.

5-15 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than 12 months.

5-16 Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' post-employment benefits

The liability or asset recognized in the statement of financial position in respect of defined benefit. The plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-17 Zakat and income tax playable

Zakat is provided for in accordance with the Zakat, Tax and Customs Authority (“ZATCA”) regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation.

Adjustments arising from final zakat and income tax assessments are recorded in the period in which such assessments are made.
The income tax expense or credit for the period 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 Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

5-18 Translation of Foreign Currency Transactions

Foreign currency transactions are converted and recorded in Saudi Riyals at standard exchange rates which are periodically set to reflect average market rates or forward rates if the transactions were so covered. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into SAR 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.

As at the reporting date, the assets and liabilities of these 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 other comprehensive income as a separate component of equity.

5-19 Financial instruments

5.19.1 Financial assets

5.19.1.1 Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, Fair value through other comprehensive income “FVOCI” or Fair value through profit and loss “FVTPL”. However, the Group as of the reporting date only holds financial asset carried at amortized cost and FVTPL.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

b) Financial assets at FVOCI

Equity instruments

On initial recognition, for an equity investment that is not held for trading. the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-19 Financial instruments (CONTINUED)

5.19.1 Financial assets (CONTINUED)

5.19.1.1 Classification of financial assets (CONTINUED)

c) Financial assets at FVTPL
All other financial assets are classified as measured at FVTPL (for example equity held for trading and debt securities not classified neither as AC or FVOCI).
In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

D) Financial derivative instruments
Financial derivative instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value in the statement of financial position with transaction costs recognized in the statement of profit or loss.

All Financial derivatives instruments are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models, and pricing models as appropriate.

5.1.19.1.2 Subsequent measurement
After initial recognition, the Company classifies its financial assets, other than financing commitments and Financial derivative instruments, at amortized cost. Amortized cost is calculated by considering any discount or premium on issue funds, and costs that are an integral part of the Effective interest rate .

5.1.19.1.3 De-recognition of financial assets
A financial asset or a part of a financial asset is de-recognized when:

- The right to receive cash flows from the asset have expired, or

- The Group has transferred its right 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

The Group assesses on a forward-looking basis the life expected credit losses associated with its financial assets carried at amortized cost.

5.19.1.4 Impairment of financial assets
The Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of receivables.

The Group uses a provision matrix in the calculation of the expected credit losses on receivables to estimate the lifetime expected credit losses, applying certain provision rates to respective contractual past due aging buckets. The provision matrix was developed considering the probability of default and loss given default which was derived from historical data of the Group and is adjusted to reflect the expected future outcome which includes macro-economic factors.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-19 Financial instruments (CONTINUED)

5.19.1 Financial assets (CONTINUED)

5.19.1.4 Impairment of financial assets (CONTINUED)
Other instruments are considered as low risk and a Group use a provisional matrix in calculating the expected credit losses.
A financial asset is written off only when:
(i) that is past due, and
(ii) there is no reasonable expectation of recovery
Where financial assets are written off, the Group continues to engage in enforcement activities to attempt to recover the receivables due. Where recoveries are made, after write-off, are recognized in the statement of profit or loss.

5.19.2 Financial liabilities

5.19.2.1 Initial recognition
Financial liabilities are recognized initially at fair value and in the case of borrowings, the fair value of the consideration received less directly attributable transaction costs.

5.19.2.2 Subsequent measurements
After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

5.19.2.3 Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

5.19.3 Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

5.19.4 Fair value hierarchy of financial instruments
The Group classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

Level 1
The fair value of financial instruments quoted in active markets is based on their quoted closing price at the statement of financial position date. Examples include exchange-traded commodity derivatives and other financial assets such as investments in equity and debt securities.**Level 2**
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm’s length transactions.

Level 3
The fair value of financial instruments that are measured on the basis of entity-specific valuations using inputs that are not based on observable market data (unobservable inputs).

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-19 Financial instruments (CONTINUED)

5.19.5 Effective interest method

The effective interest method is a method of calculating the amortized cost of financial asset and liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

5-20 Leases

a) As a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-20 Leases (CONTINUED)

a) As a lessee (CONTINUED)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The right-of-use assets are presented as a separate line in the statement of financial position.
The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

b) As a 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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

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.
Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

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).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-21 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying as-set are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and reported as 'financial charge'. Finance costs consist of interest and other costs incurred by the Group in connection with the borrowing of funds.

5-22 Revenue recognition
Revenue comprises the fair value of the consideration received or receivable from providing services in the ordinary course of the Group’s business taking into consideration contractually determined payment terms. Revenue is stated net of trade discounts, incentives and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group’s activities, as described below.

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with the 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.
Step 2: Identify the performance obligations	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	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: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Revenue mainly arises from
- Providing education services and managing schools,
- Providing professional staff to universities,
- Providing competent staff and work force for different purposes,
- Providing training to different corporate and individual customers
- Establishing and operating call centers for its customers in Kingdom of Saudi Arabia.

To determine whether to recognize revenue, the Company follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations, and then
5. Recognizing revenue when/as performance obligation(s) are satisfied.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-22 Revenue recognition (CONTINUED)

The Company often enters into customer contracts for above mentioned services. The contracts are then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.
Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.
The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its statement of financial position (see Note 24).

Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due for performance obligations that are satisfied over time, revenues are recognized by consistently applying a method of measuring progress toward satisfaction of that performance obligation.

The Company utilizes an input measure of time (e.g., hours, weeks, months) of service provided, which most accurately depicts the progress toward completion of each performance obligation. The payment terms vary by the type of customers and services offered. The timing between satisfaction of the performance obligation, invoicing and payment is not significant.

The group acts as a principal whereby it is responsible for making decision about the effective use of internal reasons including the hiring outsources and meeting customer requirements.

Revenue from Schools

Tuition fees revenues is recognized in the fiscal year in which the academic programs are delivered. Any discounts to the students reduce the amount of tuition fees revenue recognized. Payments for tuition fees are generally due prior to start of the semester start of the academic year, revenue is recognized over the time.

Revenue from provision of staff to universities

The Company recognizes revenues when control of the promised services transferred to universities and in an amount that reflect the consideration expected to be entitled to receive in exchange for those services. Majority of the contracts have single performance obligations e.g. to provide competent teaching staff as per specifications provided by customers, revenue is recognized over the time.

Revenue from Provision of Staff

The Company recognizes revenues when control of the promised services is transferred to customers and in an amount that reflects the consideration expected to be entitled to receive in exchange for those services.
Revenues are recorded net of any sales, value added, or other taxes collected from customers. A performance obligation is a promise in a contract to transfer a distinct service to the customers, The majority of our contracts have a single performance obligation e.g. to provide competent staff as per specifications provided for different purposes, revenue is recognized at point of the time.

Revenue from training services

The Company recognizes revenues when control of the promised services e.g. training services is transferred to customers and in an amount that reflects the consideration expected to be entitled to receive in exchange for those services.
Revenues are recorded net of any sales, value added, or other taxes collected from customers. A performance obligation is a promise in a contract to transfer a distinct service to the customers. The majority of contracts have a single performance obligation e.g. to provide agreed training at agreed schedule and topics to be covered. No revenue is allocated to free trial period provided to potential customers before customers enter into training contract, revenue is recognized over the time.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-22 Revenue recognition (CONTINUED)

Revenue from establishing and operating call centers
The Company establishes and operates specialized call centers as per specifications provided by customers that include construction and development of required infrastructure, hardware and software service that enables the call center to perform its functions effectively.

The Company 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, revenue is recognized over the time.

Establishing call centers
The Company has assessed that control of the call center transfers to the customer over time. This is because call centers established is unique to the customer (has no alternative use) and under the contract the Company is entitled to a right to payment for the work completed to date in the event the customer sought to terminate the contract in the absence of an explicit right to terminate in the contract.

Revenue for these performance obligations is recognized as the development work is performed, using the percentage of completion method, wherein revenue is determined with reference to percentage of work completed, revenue is recognized over the time.

Operating call centers
The Company enters into contracts with customers to operate call centers to be operated by staff according to the specifications (e.g. number and qualification of staff) to be provided by the customer. Revenue from operating call centers is recognized when control of services is transferred to customers. revenue is recognized over the time.

5-23 Government Grants
Government grants are recognized when there is reasonable assurance that the grant will be received and that all associated conditions will be complied with. When the grant relates to an expense item, it is recognized as reduction cost of revenue on a regular basis over the accounting periods against incurred costs which related to obtain the government grant.

5-24 Selling, Marketing, General and Administration Expenses
Selling, Marketing, General and Administration Expenses include direct and indirect costs not specifically part of cost of revenue. Allocations between cost of revenue and selling, marketing, general and administration Expenses, when required, are made on a consistent basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5-25 Segment reporting

Operating segment
The operating segment is one of the components of the group, which carries out activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the other segments of the group.

All segment results are periodically evaluated by the operating decision maker to make decisions and assess the performance of the resources allocated to each segment and the financial information available separately.
Segment results that are reported to the operating decision maker include items directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets/liabilities, and zakat assets and liabilities.

The Group has four operating sectors, in the Kingdom of Saudi Arabia (private schools - international schools - Indian schools - French schools). Each segment has reached the quantitative limits referred to in IFRS 8 Segment Reporting Standard. Accordingly, reports on operating segments have been disclosed in the accompanying consolidated financial statements.

Geographical segment
A geographical segment is a group of assets, operations or entities engaged in profitable activities in a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

5-26 Earnings per share
The Group presents basic and diluted earnings per share (if any) for the common share. Basic earnings per share are calculated from net profit or loss by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of common shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the year. Diluted earnings per share are adjusted by the profit or loss attributable to common equity holders of the Group and the weighted average number of shares outstanding during the year with the effect of all of the common shares that are likely to be issued.

5-27 Dividends
Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.
Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors.

5-28 Non-current assets held for sale and discontinued operations
Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.
This condition 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. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

(All amounts in Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT

	Lands*	Buildings	Furniture, office equipment and tools	Leasehold improvement	Vehicles	Construction work in progress **	Total
Cost:							
At the beginning of the year	**66,946,814**	**230,951,158**	**191,881,729**	**244,587,122**	**4,958,127**	**31,105,275**	**770,430,225**
Additions	**679,613**	**-**	**4,604,246**	**12,830,185**	**41,000**	**77,502,102**	**95,657,146**
Added through acquisition of subsidiaries	**5,500,000**	**22,147,748**	**7,969,795**	**2,330,687**	**3,192,296**	**11,224,584**	**52,365,110**
Transferred from construction work in progress	**-**	**16,430,065**	**-**	**-**	**-**	**(16,430,065)**	**-**
Disposals / Assets from discontinued operations	**-**	**-**	**(4,001,671)**	**(14,188,152)**	**-**	**-**	**(18,189,823)**
At the end of the year	**73,126,427**	**269,528,971**	**200,454,099**	**245,559,842**	**8,191,423**	**103,401,896**	**900,262,658**
Accumulated depreciation:							
At the beginning of the year	**-**	**30,448,530**	**138,407,146**	**122,387,488**	**3,271,116**	**-**	**294,514,280**
Added through acquisition of subsidiaries	**-**	**9,063,822**	**6,817,426**	**986,408**	**2,324,416**	**-**	**19,192,072**
Depreciation of the year	**-**	**6,790,875**	**13,596,146**	**10,683,636**	**1,551,319**	**-**	**32,621,976**
Disposals / Assets from discontinued operations	**-**	**-**	**(2,626,990)**	**(8,223,659)**	-	**-**	**(10,850,649)**
At the end of the year	**-**	**46,303,227**	**156,193,728**	**125,833,873**	**7,146,851**	**-**	**335,477,679**
Net book value:							
At 31 December 2022	**73,126,427**	**223,225,744**	**44,260,371**	**119,725,969**	**1,044,572**	**103,401,896**	**564,784,979**

* Certain plot of land amounting to SR 81 million are mortgaged with several local banks against long-term loans (note 19).
Depreciation charge for the year has been allocated as follows:

As at 31 December 2022, the fully depreciated assets cost which still working amounted to SR 198,025,607 (31 December 2021: SR 190,749,142).

	31 December 2022	31 December 2021
Cost of revenues (Note 27)	**28,036,149**	٢٦,٥٢٦,٤٥٥
General and administrative expenses (Note 29)	**٤,٥٨٥,٨٢٧**	٣,٤٠٢,٤٤٨
	32,621,976	29,928,903

(All amounts in Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT (CONTINUED)

	Lands	Buildings	Furniture, office equipment and tools	Leasehold improvement	Vehicles	Construction work in progress**	Total
Cost:							
At the beginning of the year	65,602,309	60,901,304	205,066,127	210,613,044	12,770,590	168,999,769	723,953,143
Reclassification	1,344,505	22,508,440	(19,609,186)	23,386,848	(7,099,984)	(20,530,623)	-
Additions	-	-	6,866,153	10,587,230	256,894	30,177,543	47,887,820
Transfer	-	147,541,414	-	-	-	(147,541,414)	-
Disposal	-	-	(441,365)	-	(969,373)	-	(1,410,738)
At the end of the year	66,946,814	230,951,158	191,881,729	244,587,122	4,958,127	31,105,275	770,430,225
Accumulated depreciation:							
At the beginning of the year	-	31,554,401	134,030,188	87,290,867	11,727,411	-	264,602,867
Reclassification	-	(6,596,613)	(9,638,012)	24,789,568	(8,554,943)	-	-
Depreciation of the year	-	5,490,742	14,032,460	10,307,053	98,648	-	29,928,903
Disposals	-	-	(17,490)	-	-	-	(17,490)
At the end of the year	-	30,448,530	138,407,146	122,387,488	3,271,116	-	294,514,280
Net book value:							
At 31 December 2021	66,946,814	200,502,628	53,474,583	122,199,634	1,687,011	31,105,275	475,915,945

** Construction work in progress represent the following:

31 December 2022	Construction Cost	Finance Cost	Total
Khobar School	**55,012,600**	**12,850,896**	**67,863,496**
Aljazeera Schools Riyadh	**22,281,516**	**996,343**	**23,277,859**
Expansion of Al Roqi School building	**12,260,541**	**-**	**12,260,541**
	89,554,657	**13,847,239**	**103,401,896**
31 December 2021			
Khobar School	21,854,765	8,932,255	30,787,020
Aljazeera Schools Riyadh	318,255	-	318,255
	22,173,020	8,932,255	31,105,275

(All amounts in Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT (CONTINUED)

Khobar School
The School is almost in final completion phase and the company is committed to start the operation from the next academic year 2023-24. The capacity for School will be 2000 students.

Aljazeera Schools Riyadh
The Construction on this school has been started and it is in progress, the completion target date is end of year 2023. The Capacity of this school will be 2100 students.

Expansion of Al Roqi School building
The construction for the extension of girls branch is under process with the completion plan as of end of year 2023.

7. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

The table below shows the right to use assets balance in and the depreciation charged as follows:

	31 December ٢٠٢٢	31 December 2021
Cost		
Balance at the beginning of the year	**520,539,507**	463,464,599
Additions	**15,117,755**	57,074,908
Added through acquisition of subsidiaries	**33,670,940**	-
Finished Contracts	**(4,188,338)**	-
Discontinued operation	**(5,390,566)**	-
Disposal	**(6,792,543)**	-
Balance at the end of year	**552,956,755**	520,539,507
Accumulated depreciation		
Balance at the beginning of the year	**92,344,184**	54,499,141
Added through acquisition of subsidiary	**1,655,106**	-
Depreciation for the year (note 27)	**38,731,320**	37,845,043
Depreciation for the year (Discontinued operation)	**537,139**	-
Discontinued operation	**(1,612,891)**	-
Finished Contracts	**(4,188,338)**	-
Disposal	**(3,586,593)**	-
Balance at the end of year	**123,879,927**	92,344,184
Net book value	**429,076,828**	428,195,323

The lease obligations as at the end of the year are as follows:

	31 December ٢٠٢٢	31 December 2021
Balance at beginning of the year	**503,536,707**	470,096,353
Additions through acquisition of subsidiaries	**32,383,053**	-
Additions during the year	**15,117,757**	58,135,220
Interest charged during the year (note 31)	**42,403,799**	38,027,048
Discontinued operation	**(1,342,177)**	-
Cancelation	**(3,142,393)**	-
Lease payment during the year	**(84,795,011)**	(62,721,914)
Balance at the end of year	**504,161,735**	503,536,707

(All amounts in Saudi Riyals unless otherwise stated)

7. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS (CONTINUED)

	31 December 2022	31 December 2021
Non-current lease obligations	**٤٣٥,٢٤٥,٨٢٧**	426,758,733
Current lease obligations	**68,915,908**	76,777,974
Total lease obligations	**504,161,735**	503,536,707

The rate applied is 6% and 10% (31 December 2021: 6% ,10%) for all the leases of the company based on varying lease terms.

	31 December ٢٠٢٢	31 December 2021
Less than one year	**٥٤,٤٧٢,٢٧٤**	76,777,974
1-5 years	**262,705,009**	267,847,733
More than 5 years	**٣٥٣,٦٠٦,١٩٤**	401,625,429
Total contractual cash flow	**670,783,477**	746,251,136
Carrying value	**504,161,735**	503,536,707

The depreciation from right of use and finance cost from the recognized lease obligations during the year ended December 31, 2022 and December 31, 2021 amounted, and they are classified as follows:

	31 December ٢٠٢٢	31 December 2021
Finance cost of lease liabilities (Note 31)	**42,403,799**	38,027,048
Depreciation expense (Note 27)	**38,731,320**	37,845,043

The Company entered into agreements for sale and lease back which included in the balance of right of use assets, below information describe the transactions:

a) Leased building through sale and lease back. As the Group has completed, on 15 December 2015, the sale of a newly constructed management building in Al-Ghadeer area in Riyadh, the cost of which is approximately SR 58.9 million, to Manafe' Holding Company, at a selling price of SR 75 million, in order to finance the Group's expansion in educational projects. The Group then leased back the building for 20 years ending in the year 2034.

   Gain from the sale transaction, amounting to approximately SR 16 million, was deferred in accordance with the requirements of the Standard of Accounting for Leases issued by the Saudi Organization for Certified Public Accountants, and will be recognized in subsequent periods in correlation with depreciation as the leaseback was classified as a lease. During the year 2016 the rental value of the land for the building was separated and classified as an operating lease (with present value of SR 48.7 million). In the consolidated statement of profit or loss.

   The Group recognized an amount of SR 803,748 as gain from sale of the building (31 December 2020: SR 803,748).

b) Three schools leased in Dammam and Riyadh on 23 December 2019, the Group has signed a sale and leaseback contract with Al Rajhi Capital Fund, to lease Dammam Schools, Moghrazat Schools and Sahafa Schools for 15 years.

(All amounts in Saudi Riyals unless otherwise stated)

8. INVESTMENIN IN EQUITY ENSTRUMENTS AT FVTOCI

	31 December ٢٠٢٢	31 December 2021
Investments in fund (A)	**258,499,996**	288,337,074
Investment in New Horizon (B)	**14,086,178**	17,023,499
Investment in Ryan Education Company	**3,006,200**	3,006,200
	275,592,374	308,366,773

A. The Groups has acquired a 26.4 million units of Al Rajhi REIT. Dividends were received during the year ended 31 December 2022 and 2021 (note 32).

	31 December ٢٠٢٢	31 December ٢٠٢١
At 1 January	**288,337,074**	256,123,592
Change in fair value (C)	**(29,837,078)**	32,213,482
At 31 December	**258,499,996**	288,337,074

The fair value has been determined based on the lowest level of significant inputs used in fair value measurement, as inputs quoted prices (unadjusted) in active markets for identical assets or liabilities.

Al Khaleej company is the master tenant of Baraem Rowad Al Khaleej Intl Kindergarten, Riyadh, Rowad Al Khaleej International Schools in Riyadh, Rowad Al Khaleej International Schools in Dammam. And this bundling owned by Al Rajhi REIT., the lease term is 15 years starting from December 24th, 2019G.

The units owned by Al Khaleej company in Al Rajhi REIT lockup by the Al Rajhi REIT Fund against the remaining of lease payment which not due, the lockup period stated in the Terms and Conditions is (3) years beginning from 06/01/2020G, as a guarantee to pay the rent for the entire remaining period of the lease contracts.

B. The balance of investments in equity instruments at fair value through other comprehensive income as at 31 December 2022 represents the 14.7% (5,000 share) stake in NWHW Holdings Inc, the company registered in Delaware, USA.

	31 December ٢٠٢٢	31 December 2021
At 1 January	**17,023,499**	15,688,499
Change in fair value	**(2,937,320)**	1,335,000
At 31 December	**14,086,179**	17,023,499

The fair value has been determined based on the lowest level of significant inputs used in fair value measurement, as inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly and observable market data.

The Group has used most recent valuation report as at 31 December 2022, which has been prepared solely to determine the fair value of New Horizon Holding Company's common stock, on a non-marketable minority interest basis.

C. Change in fair value

	31 December ٢٠٢٢	31 December 2021
Balances at 1 January	**54,241,981**	20,693,499
Unrealized gain	**(32,774,398)**	33,548,482
At 31 December	**21,467,583**	54,241,981

(All amounts in Saudi Riyals unless otherwise stated)

9. INTANGIBLE ASSETS

	31 December ٢٠٢٢	31 December 2021
Goodwill (a)	**78,194,506**	25,639,990
Franchise rights and software (b)	**5,691,532**	6,227,538
	83,886,038	31,867,528

The Group's management performs annual impairment test of goodwill for the purpose of impairment assessment and to identify whether the carrying value of goodwill is less than its recoverable value.

The recoverable value is determined based on information used in the expected work plans for the five years following the financial statements and their related cash flows. Impairment assessment is performed based on the measurement of current value of the future cash flows for five years in accordance with reasonable and objective assumptions to estimate cash flow depending on recent variable budgets approved by the management.

Impairment assessment on goodwill:

The values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	31 December 2022		31 December 2021	
	from	**to**	From	To
Discount rate	**11.6%**	**71.18%**	7.4%	33.8%

	31 December 2022	31 December 2021
Growth rate	**1.93% - 5.24%**	3% - 5.24%

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter.

Terminal growth rate has been determined based on the management's estimate of the long-term compounded annual growth rate for profit before interest and depreciation, consistent with the assumptions that the market participant may make.

Sensitivity to changes in assumptions
Management believes that there is no reasonable probable change in any key assumptions that may lead to a significant change in goodwill over its recoverable value.

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

	31 December ٢٠٢٢	31 December 2021
Al-Faisaliyah National Schools Company (Note 34)	**49,973,369**	-
Linguaphone Limited Company	**15,412,796**	15,412,796
Fast Lane Group (Fast Lane Consultancy duty free – LTD.)	**5,583,436**	5,583,436
Al-Roqi National Schools Company (Note 34)	**4,044,686**	-
Franklin Covey Middle East Company and its subsidiaries	**2,346,883**	2,346,883
Jobzella for General Consulting*	**833,336**	2,296,875
	78,194,506	25,639,990

*During the year, impairment amounting to SAR 1.46 Million has been recorded against the goodwill of Jobzella for General Consulting.

(All amounts in Saudi Riyals unless otherwise stated)

9. INTANGIBLE ASSETS (CONTINUED)

a) Franchise rights and software

The franchise rights and software amortized over a period of 10 years. The movement during the year is as follows:

	31 December ٢٠٢٢	31 December 2021
Cost:		
At the beginning of the year	**15,202,524**	14,736,421
Additions	**203,726**	466,102
At the end of the year	**15,406,250**	15,202,523
Accumulated amortization:		
At the beginning of the year	**8,974,985**	8,429,641
amortization	**739,732**	545,344
At the end of the year	**9,714,717**	8,974,985
Net book value	**5,691,533**	6,227,538

10. FINANCIAL DERIVATIVE INSTRUMENTS CARRIED AT FVTPL

	31 December ٢٠٢٢	31 December 2021
Profit rate swaps	**6,923,382**	3,112,228

As at 31 December 2022, the Company held Profit Rate Swaps of the notional value approx. SR 94.67 million (2021: SR 80 million).

11. INVENTORIES

Inventories comprise mainly books and educational curriculums distributed during courses, below is a break-down of the balance:

	31 December ٢٠٢٢	31 December 2021
Inventories	**14,435,537**	10,441,180
Provision for slow moving inventory	**(6,916,241)**	(800,494)
	7,519,296	9,640,686

11.1.Movement in provision for slow moving inventories are as follows:

	31 December 2022	31 December 2021
Opening	**800,494**	432,976
Provision made during the year	**6,115,747**	367,518
Closing	**6,916,241**	800,494

(All amounts in Saudi Riyals unless otherwise stated)

12. TRADE RECEIVABLES

	31 December ٢٠٢٢	31 December 2021 Restated
Trade receivables:		
Government customers	**328,136,360**	266,416,714
Non-Government customers	**152,048,636**	152,998,387
Total	**480,184,996**	419,415,101
Unbilled revenue	**22,620,308**	35,627,070
Less: impairment provision in trade receivables	**(109,537,264)**	(96,823,796)
	393,268,040	358,218,375

Trade receivable balances due at 31 December 2022 and 2021 are unsecured.

Movement in the provision for trade receivables	**2022**	2021
As at 1 January	**96,823,796**	62,589,778
Additions through acquisition of subsidiaries	**2,549,054**	-
Provision recorded during the year	**10,164,414**	34,266,508
Write off	**-**	(32,490)
As at 31 December	**109,537,264**	96,823,796

* For more details of trade receivable aging, refer to note (37.2)

13. PREPAYMENTS AND OTHER RECEIVABLES

	31 December ٢٠٢٢	31 December 2021
Prepaid expenses	**44,040,977**	45,070,732
Advances under purchase of investments	**680,000**	31,180,313
Tax	**324,595**	371,562
	45,045,572	76,622,607
Financial Asset at Amortized Cost – Unsecured		
Dividend’s receivables	**8,713,485**	7,393,259
Employee’s receivables	**2,429,462**	2,159,828
Refundable deposit	**415,620**	557,212
Advances to suppliers	**114,981**	99,372
Other receivables	**5,067,537**	10,429,535
	16,741,085	20,639,206
	61,786,657	97,261,813

- On 14 May 2023 the board of directors resolved to write off outstanding balances of SR 1,628,386 included statement of profit or loss (note 30).

(All amounts in Saudi Riyals unless otherwise stated)

14. WORK IN PROGRESS

This item represents the performed services to the customers and not qualify the point to be billed, the balance comprises the following:

	31 December ٢٠٢٢	31 December 2021
Construction works	**14,363,235**	-
Employee Technical support salaries	**9,128,414**	-
	23,491,649	-

15. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Group include shareholders, Board of Directors, key management personnel and entities of which they are principal owners.

The terms of the transactions with related parties are approved by the Group's management. Transactions with related parties are entered in the normal course of the Group's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length.

The Group's related parties' transactions and balances are as follows:

Related parties' transactions:

Related party	Nature of relation	Nature of transactions	31 December 2022	31 December 2021
Al-Falak Electronic Equipment and supplies Company	Companies owned by BODs	Rent as lessee	**900,000**	900,000
Alkhaleej Computers Company		Rent as lessor	**1,366,000**	1,366,000
Swaad Al-Roqi – Associate		Payment on behalf	**82,575**	-
New Horizon Holding – USA	Affiliate company	Royalties for New Horizons	**1,875,445**	2,796,995
		Loan	-	2,829,205
		Interest income	**2,044,515**	-
Salem Bin Hindi Al Harbi & Holding Company - Al Faisaliyah National Schools Company shareholder	Partner in subsidiary	Purchase consideration	**50,000,000**	-
Salim Abdul Ghani Bin Mihan Al , Baladi - Al Faisaliyah National Schools Company shareholder	Partner in subsidiary	Purchase consideration	**10,000,000**	-
Relatives of top management	Relatives	Employment salaries	**2,201,716**	1,700,175

Related parties' transactions:

Key management remuneration	Nature of relation	Nature of transactions	31 December 2022	31 December 2021
Board of directors	-	Bonuses	**1,200,000**	1,200,000
	-	Allowances	**١٣٦,500**	175,500
Short-term benefits:	-			
Salaries including bonuses		Salaries and bonuses	**8,742,996**	10,988,790
	-			
Post-employment benefits:				
Termination benefits	-	End of service	**٢,183,590**	10,258,749

(All amounts in Saudi Riyals unless otherwise stated)

15. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

Related parties' transactions:

Related parties' balances:	Nature of relation	Nature of transactions	31 December ٢٠٢٢	31 December 2021
a. Due from related parties				
New Horizon Holding – USA	Investment	Finance	**4,873,720**	2,829,205
Sleem Bin Abdulghani Bin Muhanna Al-Biladi	Partner in Subsidiary	Current account	**284,965**	-
Manar Al-Tfwq School	Affiliate company	Finance	**1,461,255**	-
Al-Falak Electronic Equipment and supplies Company	Companies owned by BOD's	Rent as lessee	**676,917**	1,477,846
Swaad Al-Roqi – Affiliate company	Affiliate company	Payment on behalf	**1,306,051**	-
Al-Khaleej Computers Company	Companies owned by BOD's	Rent as lessee	**982,743**	-
			9,585,651	4,307,051

b. Due to related parties

	Nature of relation	Nature of transactions	31 December ٢٠٢٢	31 December 2021
Salim Abdul Ghani Bin Mihan Al , Baladi - Al Faisaliyah National Schools Company shareholder	Affiliate company	Purchase consideration	**7,000,000**	-
Salem Bin Hindi Al Harbi & Holding Company - Al Faisaliyah National Schools Company shareholder	Affiliate company	Purchase consideration	5,000,000	-
New Horizon Holding – USA	Investment	Royalty	**117,950**	**263,277**
			12,117,950	**263,277**

Balances due at the end of each year are unsecured and do not bear commissions and are settled in cash.
The Group confirmed that it will continue provide financial support to its subsidiary “LinguaPhone Group Limited” to enable it to meet its liabilities the fall due for a period of twelve months from date of signing the subsidiary financial statements. The Group - as the sole shareholder in Linguaphone - confirmed not to recall any amounts owed to it until the subsidiary “LinguaPhone” has sufficient resources.

The Group has not recorded any impairment loss on amounts due from related parties. Valuation of impairment is performed every financial year by examining the financial position of the related entity and the market in which the entity is involved.

(All amounts in Saudi Riyals unless otherwise stated)

16. CASH AND CASH EQUIVALENT

	31 December ٢٠٢٢	31 December 2021
Cash at banks	**43,577,322**	124,172,971
Cash in hand	**1,913,027**	1,932,892
	45,490,349	126,105,863
Bank overdraft	**(3,394,514)**	(4,002,477)
Cash and cash equivalent for cash flow purpose	**42,095,835**	122,103,386

Cash at banks are maintained in non-interest-bearing current account.

17. DISCONTINUED OPERATIONS

As at 28 September 2022, the board of directors of the Company had been resolved to dispose Spectrum Wellness establishment “Wellness” (a subsidiary owned by 100%) through sale and discontinue its operations, in addition, as of 31 December 2022 the Company’s management resolved to voluntarily liquidate Applied Digital Media Services Company “ADMS” (a subsidiary owned by 100%), as of financial position date ADMS had been closed. The both subsidiaries were classified as a discontinued operation in the current year. The results of the operations of both subsidiaries for the current year has been presented in the consolidated statement of profit or loss as follows:

	Wellness 31 December 2022	**ADMS 31 December 2022**	**Total 31 December 2022**
Revenue	**9,334,226**	**-**	**9,334,226**
Cost of revenue	**(10,736,442)**	**-**	**(10,736,442)**
GROSS PROFIT	**(1,402,216)**	**-**	**(1,402,216)**
Selling and marketing expenses	**(310,020)**	**-**	**(310,020)**
General and administration expenses	**(3,003,722)**	**(428,758)**	**(3,432,480)**
LOSS FROM OPERATIONS	**(4,715,958)**	**(428,758)**	**(5,144,716)**
Other income	**-**	**2,081,864**	**2,081,864**
Financial charges	**(97,673)**	**-**	**(97,673)**
(LOSS) PROFIT BEFORE ZAKAT	**(4,813,631)**	**1,653,106**	**(3,160,525)**
Zakat	**(24,000)**	**-**	**(24,000)**
(LOSS) PROFIT FOR THE YEAR	**(4,837,631)**	**1,653,106**	**(3,184,525)**

The following is the main classes of assets and liabilities of Wellness and ADMS as discontinued operations:

Assets from discontinued operations	**Wellness 31 December 2022**	**ADMS 31 December 2022**	**Total 31 December 2022**
Right of use assets	**3,240,538**	**-**	**3,240,538**
Property and equipment,	**6,338,062**	**-**	**6,338,062**
Prepayments and other receivables	**656,442**	**8**	**656,450**
Inventories	**910,474**	**-**	**910,474**
Cash and cash equivalents	**278,437**	**439**	**278,876**
Total assets	**11,423,953**	**447**	**11,424,400**
Liabilities from discontinued operations			
Lease obligations	**1,342,177**	**-**	**1,342,177**
Employees’ end of service benefits	**1,064,467**	**-**	**1,064,467**
Trade and other payables	**2,414,716**	**447**	**2,415,163**
Zakat and income tax payable	**47,778**	**-**	**47,778**
Total Liabilities	**4,869,138**	**447**	**4,869,585**

The impact on cash flow for year ended 31 December 2022 is amounting to SR 784,359 (31 December 2021: nil) classified in operating activities. Earnings per share from discontinued operations for year ended 31 December 2022 is 0.05 (31 December 2021: nil). During the current year, a decline in the initial measurement of fair value of the carrying value of the asset of Wellness had been recorded amounting to SR 1,001,111.

(All amounts in Saudi Riyals unless otherwise stated)

18. SHARE CAPITAL

The Company's capital consists of 65 Million shares as at 31 December 2022 (31 December 2021: 65 Million shares) of SR 10 each.

19. NON-CONTROLLING INTEREST "NCI"

The following table summarizes the information related to the each of the Group's subsidiaries that have NCI:

	Alkhaleej Egypt	Al-Roqi Schools	Al-Faisaliyah Schools	Jobzella Egypt	Franklin Covey	Fastlane	Total
Balance as at 1 January 2022	1,211,012	-	-	(2,317,850)	4,325,868	298,386	3,517,416
NCI Percentage	42.84%	40%	40%	40%	39%	20%	
Non-current assets	**600,830**	**39,454,593**	**49,502,394**	**115,327**	**86,899**	**47,262**	**89,807,305**
Current assets	**3,241,183**	**15,085,513**	**12,067,896**	**4,139,866**	**24,316,406**	**2,832,114**	**61,682,978**
Non-current liabilities	**-**	**10,778,770**	**38,319,847**	**-**	**2,211,255**	**846,260**	**52,156,132**
Current liabilities	**1,209,146**	**5,168,806**	**1,511,371**	**7,266,421**	**7,616,619**	**1,117,902**	**23,890,265**
Net assets	**2,632,867**	**38,592,530**	**21,739,072**	**(3,011,228)**	**14,575,431**	**915,214**	**75,443,886**
Net assets attributable to NCI	**1,127,920**	**15,437,012**	**8,695,629**	**(1,204,491)**	**5,684,418**	**183,043**	**29,923,531**
Revenue	**6,290,261**	**13,112,418**	**22,534,885**	**3,908,999**	**38,176,715**	**6,993,542**	**91,016,820**
Profit / (loss)	**1,124,678**	**(305,843)**	**4,815,530**	**865,620**	**11,127,368**	**(590,395)**	**17,036,958**
Other comprehensive income /(loss)	**-**	**-**	**212,491**	**-**	**-**	**-**	**212,491**
Total comprehensive income / (loss)	**1,124,678**	**(305,843)**	**5,028,021**	**865,620**	**11,127,368**	**(590,395)**	**17,249,449**
Profit (loss) allocated to NCI	**481,812**	**(122,337)**	**1,926,212**	**346,247**	**4,339,673**	**(118,079)**	**6,853,528**
Other comprehensive income allocated to NCI	**-**	**-**	**84,996**	**-**	**-**	**-**	**84,996**
Cash flows from operating activities	**89,947**	**2,946,126**	**3,898,185**	**36,099**	**10,338,559**	**(948,702)**	**16,360,214**
Cash flows from investment activities	**(6,801)**	**(19,690,461)**	**(7,433,322)**	**(9,852)**	**(70,679)**	**(15,142)**	**(27,226,257)**
Cash flows from financing activities	**(14,750)**	**(2,705,087)**	**3,644,630**	**-**	**(8,567,721)**	**-**	**(7,642,928)**
Net change in cash and cash equivalents	**68,396**	**(19,449,422)**	**109,493**	**26,247**	**1,700,159**	**(963,844)**	**(18,508,971)**

(All amounts in Saudi Riyals unless otherwise stated)

19. NON-CONTROLLING INTEREST "NCI" (CONTINUED)

	Al Khaleej Egypt	**Jobzella Egypt**	**Franklin Covey**	**Fastlane**	**Total**
Balance as at January 1, 2022	823,093	(1,697,800)	3,394,298	352,170	2,871,761
NCI Percentage	42.84%	40%	39%	20%	
Non-current assets	1,006,605	70,220	64,337	64,444	1,205,605
Current assets	4,504,792	1,220,657	20,888,200	2,912,799	29,526,448
Non-current liabilities	527,720	7,096,367	2,034,512	747,665	10,406,412
Current liabilities	2,156,850	-	7,814,912	737,650	10,709,556
Net assets	2,826,827	(5,805,491)	11,103,113	1,491,927	9,616,377
Net assets attributable to NCI	1,211,013	(2,322,196)	4,330,214	298,385	3,517,416
Revenue	6,510,021	861,937	31,658,144	7,482,031	46,512,133
Profit / (loss)	899,025	(1,546,669)	7,217,374	(268,269)	6,301,461
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive income / (loss)	899,025	(1,546,669)	7,217,374	(268,269)	6,301,461
Profit allocated to NCI	385,142	(618,667)	2,814,775	(53,653)	2,527,597
Cash flows from operating activities	101,330	12,372	6,042,047	304,027	6,459,776
Cash flows from investment activities	(15,237)	-	(29,880)	(42,823)	(87,940)
Cash flows from financing activities	(11,139)	-	(4,782,084)	-	(4,793,223)
Net change in cash and cash equivalents	74,953	12,372	1,230,082	261,205	1,578,612

20. BORROWINGS

The Group obtained long-term and short-term loans from several local banks to finance the Group's projects to construct buildings for educational establishments during the period. The loans are charged a commission equal to the Saudi inter-bank borrowing rate (SAIBOR). All loans are secured by order bonds and the pledge of part of the Group's land and Units in AL Rajhi REIT owned by the Group.

The agreements include covenants which, among other things, require the Group to maintain certain financial ratios. As at 31 December 2022, the Group was not in compliance with certain covenants of the financing agreements accordingly the arrangements amounting to SR 138,612,971 were classified as current and presented under short-term borrowings in this consolidated financial position.

The borrowing balance comprise the following:

	31 December ٢٠٢٢	31 December 2021
Long-term financial facilities (20.1)	**279,788,429**	218,882,714
Short-term financial facilities (20.2)	**146,472,015**	162,170,870
	426,260,444	381,053,584

(All amounts in Saudi Riyals unless otherwise stated)

20. BORROWINGS (CONTINUED)

20.1 Long-term financial facilities

	31 December ٢٠٢٢	31 December 2021 (restated)
Current portion	**180,942,983**	218,882,714
Non-current portion	**98,845,446**	-
	279,788,429	218,882,714

The movement on loans long term during the year was as follows:

	31 December ٢٠٢٢	31 December 2021 (restated)
Balance at the beginning of the year	**218,882,714**	161,156,800
Loans from acquired subsidiaries	**8,968,907**	**-**
Re payment during the year	**(3,536,045)**	(140,000,000)
Proceeds during the year	**55,472,853**	197,725,914
Balance at the end of the year	**279,788,429**	218,882,714

Below is an analysis of borrowing on lender level:

	Riyad Bank	**Arab National Bank**	**Saudi British Bank**	**Banque Saudi Fransi**	**Al- Inma Bank**	**Al- Jazera Bank**	**Subsidaries Loans**	**Total**
31-Dec-2022								
Short-term:	**-**	**65,000,000**	**18,000,000**	**14,500,000**	**31,000,000**	**17,812,170**	**159,845**	**146,472,015**
Long-term:								
Current	**173,266,214**	**-**	**-**	**5,333,333**	**-**	**-**	**2,343,436**	**180,942,983**
Non-current	**-**	**-**	**-**	**92,219,975**	**-**	**-**	**6,625,471**	**98,845,446**
Total	**173,266,214**	**65,000,000**	**18,000,000**	**112,053,308**	**31,000,000**	**17,812,170**	**9,128,752**	**426,260,444**
31-Dec-2021								
Short-term:	-	99,000,000	14,500,000	23,432,063	-	25,238,807	-	162,170,870
Long-term:								
Current	176,802,259	-	-	42,080,455	-	-	-	218,882,714
Non-current	-	-	-	-	-	-	-	-
Total	176,802,259	99,000,000	14,500,000	65,512,518	-	25,238,807	-	381,053,584

(All amounts in Saudi Riyals unless otherwise stated)

20. BORROWINGS (CONTINUED)

20.1 Long-term financial facilities (CONTINUED)

Guarantees
The long and medium-term bank financing from local banks is guaranteed against the issuance of promissory notes Sand the group's waiver of some of the proceeds of the contracts concluded by the group and other guarantees according to the bank facilities contracts. The banking agreements include restrictions and financial pledges on the group related to dividends and net equity, in addition to restrictions on some other financial ratios specified in these agreements. These bank financings are subject to a commission according to prevailing market rates. Below is summary of guarantees given to the lenders:

	31 December 2022	31 December 2021
Riyadh bank	**66,277,947**	66,277,947
Aljazeera bank	**14,420,452**	14,420,452
Saudi Fransi bank	**10,712,022**	10,712,022
Arab bank	**5,941,747**	5,941,747
	97,352,168	97,352,168

20.2 Short-term financial facilities
The movement on loans short term during the year was as follows:

	31 December ٢٠٢٢	31 December 2021 (restated)
Balance at the beginning of the year	**162,170,869**	261,013,840
Subsidiaries loan	**159,845**	-
Paid during the year	**(270,699,307)**	(422,773,683)
Collected during the year	**254,840,608**	323,930,713
Balance at the end of the year	**146,472,015**	162,170,870

21. EMPLOYEES' END OF SERVICE BENEFITS
The Group manages the end of service benefits program for its employees in accordance with the requirements of the labor law in the Kingdom of Saudi Arabia.
The movement in the provision for employees' end of service benefits for the year is based on actuarial assumptions:

	31 December 2022	31 December 2021 (restated)
Opening balance	**83,232,596**	60,808,916
Acquired subsidiaries	**4,172,141**	-
Provision for the year	**14,682,414**	9,751,801
Interest on defined benefit obligations	**1,501,452**	2,268,000
Paid during the year	**(28,399,720)**	(20,037,001)
Remeasurements of the Net Defined Benefit Liability	**5,577,715**	26,923,643
Additions (Outsourced employees) *	**2,447,966**	3,517,237
Ending balance	**83,214,564**	83,232,596

* The Company has number of employees on its work force, they provided to the Company customer as an outsource employees, as per agreement between the Company and its customer, the customer afford all liabilities for outsourced employee included the end of service, as at each report date the company is calculating the end of service amount for all outsourced employees and included in the employees benefits liability and recognize an asset equal to this amount under "Recoverable amount from employees benefits".

(All amounts in Saudi Riyals unless otherwise stated)

21. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

The table below describe the movement for the year:

	31 December 2022	31 December 2021 (restated)
Balance at the beginning of the year	**7,740,337**	4,223,100
Additions	**2,447,966**	3,517,237
Balance at the end of the year	**10,188,303**	7,740,337

The liability of employees benefits includes end of service liability for key management as at 31 December 2022 amounting to SR 11,619,933 (31 December 2021: SR 9,208,349).

Significant actuarial assumptions	**31 December 2022**	31 December 2021 (restated)
Financial assumptions		
Discount rate	**٤.65%**	1.9%
Salary increase rate	**0.25% - 2.00%**	1%
Demographic assumptions		
Employee turnover rate	**Moderate / Heavy / Ultra Heavy**	Heavy / Ultra Heavy

SENSITIVITY ANALYSIS	**31 December ٢٠٢٢**	31 December 2021 (restated)
Discount rate +0.5%	**63,195,042**	78,078,643
Discount rate -0.5%	**66,192,973**	82,048,879
Long-term salary increase rate +0.5%	**65,802,515**	81,513,171
Long-term salary increase rate -0.5%	**63,557,408**	78,573,326
Employee turnover rate +10%	**64,561,027**	79,119,113
Employee turnover rate -10%	**64,771,309**	80,860,074

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability of all schemes recognized within the statement of financial position.

22. DEFERRED GAIN FROM SALE OF PROPERTY AND EQUIPMENT

Deferred gain had been recognized from the sale of Al-Ghadeer building during 2015 with amount of SR 75 Million, recognized gain with amount of SR 16,074,964 to be amortized over 20 year which represents the lease term.

The balance represents as following:

	31 December 2022	31 December 2021
At the beginning of the year	**10,850,602**	11,654,350
Amortization during the year	**(803,748)**	(803,748)
At the end of the year	**10,046,854**	10,850,602

	31 December 2022	31 December 2021
Non- Current deferred gain from sale of property and equipment	**9,243,106**	10,046,854
Current portion of deferred gain from sale of property and equipment	**803,748**	803,748
	10,046,854	10,850,602

(All amounts in Saudi Riyals unless otherwise stated)

23. TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Trade payables	**40,320,787**	27,455,251
Accrued expense *	**34,256,382**	44,964,638
VAT Payable	**22,835,134**	7,718,778
Other payables	**318,534**	6,012,151
	97,730,837	86,150,818

* This balance includes accrued amounts to key management for bonus and remuneration to board of directors and key management as at 31 December 2022 amounting to SR 2,427,583 (31 December 2021: SR 4,678,567).

24. CONTARCT LIABILITIES

	31 December ٢٠٢٢	31 December 2021
Advanced school's tuition fee	**26,335,410**	24,645,930
Advances from customers	**15,018,457**	5,315,117
Other	**431,289**	543,039
	41,785,156	30,504,086

25. ZAKAT AND INCOME TAX PAYABLE

a) Zakat Status

The Group submitted their declarations to Zakat, Tax and Customs Authority "ZATCA" until the year ended 31 December 2021 and obtained a certificate from ZATCA valid until 10 Shawwal 1444H corresponding to 30 April 2023.

The Group has received assessments dated 22 December 2020 from the ZATCA for the years from 2015 to 2018 with zakat payable amount of SR 31.9 Million. The Primary Committee decided to reduce the claims amount to SR 25 Million, the Group has filed an appeal against these assessments during 2022. The Group paid with its Zakat declarations and appeal process SR 8.7 Million. The net amount under assessment is SR 15 Million

The Group has received assessments dated 21 October 2021 from ZATCA for the years 2019 and 2020 with zakat payable amount of SR 37 Million, the Group has filed an appeal against these assessments during 2022. The Group paid with its Zakat declarations and appeal process SR 13.5 Million.

The net amount under assessment is SR 23 Million.

The Management, based on the conclusion reached by its external zakat expert are confident on favorable outcome of the field appeals. Accordingly, the Group has taken additional provision of SR 7,856,739 to overcome the probable risk.

b) The Zakat movement during the year ended was as follows:

	31 December ٢٠٢٢	31 December 2021
At the beginning of the year	**10,749,568**	1,474,691
Charge for the year	**12,673,375**	11,483,259
Paid during the year	**(10,529,232)**	(2,208,382)
At the end of the year	**12,893,711**	10,749,568

(All amounts in Saudi Riyals unless otherwise stated)

26. REVENUES

Disaggregation of revenue from contracts with customers:

2022	**Schools Fee**	**Universities**	**Management Projects and others**	**Training**	**Call Centers**	**Total**
Revenue	**179,324,982**	**148,084,731**	**98,435,181**	**80,394,528**	**374,658,417**	**880,897,839**
Timing of revenue recognition						
At a point in time	-	-	**٢٩,٥٣٠,٥٥٤**	-	-	**٢٩,٥٣٠,٥٥٤**
Over the time	**179,324,982**	**148,084,731**	**٦٨,٩٠٤,٦٢٧**	**80,394,528**	**374,658,417**	**851,367,285**
Total	**179,324,982**	**148,084,731**	**98,435,181**	**80,394,528**	**374,658,417**	**880,897,839**

2021	Schools Fee	Universities	Management Projects and others	Training	Call Centers	Total
Revenue	118,690,363	120,974,136	101,787,931	119,581,099	381,763,658	842,797,187
Timing of revenue recognition						
At a point in time	-	-	30,536,379	-	-	30,536,379
Over the time	118,690,363	120,974,136	71,251,552	119,581,099	381,763,658	812,260,808
Total	118,690,363	120,974,136	101,787,931	119,581,099	381,763,658	842,797,187

	31 December ٢٠٢٢	31 December 2021 (restated)
Revenues inside Kingdom of Saudi Arabia	**817,329,165**	784,854,820
Revenues from foreign countries	**63,568,674**	57,942,367
	880,897,839	842,797,187

27. COST OF REVENUE

	31 December ٢٠٢٢	31 December 2021 (restated)
Staff cost	**547,950,856**	531,544,137
Depreciation of right of use assets (notes 7)	**38,731,320**	37,845,043
Depreciation of property and equipment (notes 6)	**28,036,149**	26,526,455
Direct Materials	**45,733,295**	43,642,197
Amortization of intangible assets (note 9)	**739,732**	545,344
Office Expenses	**62,520,974**	55,799,470
	723,712,326	695,902,646

28. SELLING AND MARKETING EXPENSES

	31 December ٢٠٢٢	31 December 2021
Salaries and wages	**12,807,981**	17,910,513
Advertising	**8,583,322**	5,744,645
Promotions and gifts	**482,158**	2,182,133
	21,873,461	25,837,291

(All amounts in Saudi Riyals unless otherwise stated)

29. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December ٢٠٢٢	31 December 2021 (restated)
Salaries and wages and other benefits	**68,452,021**	69,797,023
Rent	**2,744,278**	2,451,339
Depreciation (Note 6)	**4,585,827**	3,402,448
Governmental and professional fees and consultation	**4,213,063**	3,150,277
Board of Director’s compensation	**1,336,000**	1,287,000
Amortization (note 9).	**546,566**	-
Other expenses	**3,213,255**	6,710,217
	85,091,010	86,798,304

30. OTHER IMPAIRMENT

	31 December ٢٠٢٢	31 December 2021 (restated)
Write off related to prepayments and other receivable (note 13)	-	1,628,386
Impairment of Prepayments and other receivables	-	605,747
	-	2,234,133

31. FINANCE COSTS

	31 December ٢٠٢٢	31 December 2021
Finance cost – Lease Liabilities (Note 7)	**42,403,799**	38,027,048
Finance cost – Murabaha	**15,025,033**	15,559,937
	57,428,832	53,586,985

32. OTHER INCOME, NET

	31 December ٢٠٢٢	31 December 2021
Al Rajhi Reit dividends (note 8)	**17,426,967**	14,786,517
Rental income	**12,549,388**	12,887,815
Deferred gain from sale of property and equipment	**803,748**	803,748
Gain from sale of property and equipment	-	1,603,140
New Horizon Holding loan Interest	**2,044,515**	-
Others	**2,074,421**	798,452
	34,899,039	30,879,672

(All amounts in Saudi Riyals unless otherwise stated)

33. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit / (loss) for the year attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year amounting to 65,000,000 shares (2021: 48,178,082 share). Diluted earnings per share is the same as basic earnings per share as the Group has no diluted instruments.

Earnings/(Loss) per share - continued operations:	**31 December ٢٠٢٢**	31 December 2021 (restated)
Profit / (loss) for the year	**(2,836,980)**	(35,847,636)
Weighted average number of ordinary shares	**65,000,000**	48,178,082
Earnings per share	**(0.04)**	(0.74)

Loss per share - discontinued operations:	**31 December ٢٠٢٢**	31 December ٢٠٢1
(Loss) for the year	**(3,184,525)**	-
Weighted average number of ordinary shares	**65,000,000**	-
Loss per share	**(0.05)**	-

34. ACQUIRING SUBSIDIARIES

The acquisition was calculated using the acquisition method under IFRS 3 - Business Combinations (the "Standard") with Al Khaleej Training and Education Company being the acquiring party and Al-Roqi National Schools Company and Al- Faisaliyah National Schools Company being the acquired parties. As required by the standard, Al Khaleej Training and Education Company has allocated the purchase consideration for identifiable assets and liabilities for Al-Roqi National Schools Company.

Al Khaleej Training and Education Company is has calculated the acquisition based on the temporary fair values of the acquired assets and liabilities as on the date of acquisition for Al- Faisaliyah National Schools Company, as independent evaluations have not been completed. The adjustment to these provisional values will be completed within twelve months from the date of acquisition as permitted by the standard.

A. Al-Roqi National Schools Company

As of 1 January 2022, the Group acquired 60% of the net assets of Al-Roqi National Schools Company in exchange for a payment of SR 9,234,217 as a consideration for the acquisition in addition to contingent consideration of SR 1,737,499 which is confirmed subsequently of agreement signature, and thus the Group became controlling Al-Roqi National Schools Company. The activity of Al-Roqi National Schools Company is as shown in Note (1-2). It qualifies as a business as defined in IFRS 3. Al-Roqi National Schools Company was acquired to develop the group's operations.

The book value of the identifiable assets and liabilities acquired from Al-Roqi National Schools Company amounted to SR 11,545,050 Goodwill was recognized in the amount of SR 4,044,686, which represents amounts in excess of the net book value of the identifiable net assets acquired.

The fair values have been determined based on the professional experience and judgment of the valuer, considering prevailing market conditions, current conditions of the assets and sources of market information. The valuation has been carried out by an independent valuator according to international valuation standards. The valuation results were arrived at by reference to open market evolution models. The purchase price allocation process was carried out during the year by an independent third party, which the management recognized the Goodwill based on the allocation result.

(All amounts in Saudi Riyals unless otherwise stated)

34. ACQUIRING SUBSIDIARIES (CONTINUED)

A. Al-Roqi National Schools Company (CONTINUED)

The legal procedures related to the purchase of Al-Roqi National Schools Company were completed during the year, and a no-objection approval was obtained from the General Authority for Competition.

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

	Note	SR
Assets		
Property and equipment, net		**17,593,413**
Right of use assets		**3,299,000**
Trade receivables		**3,937,924**
Due from Related party		**1,638,283**
Prepayments and other current assets		**1,861,987**
Inventory		**73,006**
Cash and cash equivalents		**1,311,747**
Liabilities		
Employee post-employment benefits		**(1,519,951)**
Lease liabilities		**(3,299,000)**
Trade and other payables		**(3,036,474)**
Loans		**(10,314,885)**
Total fair value of the identifiable assets and liabilities acquired		**11,545,050**
Non-controlling interests		**4,618,020**
Net of the identifiable assets and liabilities acquired		**6,927,030**
Goodwill	9a	**4,044,686**
Consideration		**10,971,716**
Net cash used from the acquisition		
Paid consideration		**10,971,716**
Cash and cash equivalents		**(1,311,747)**
Net paid cash		**9,659,969**

B. Al-Faisaliyah National Schools Company

As of 1 August 2022, the Group acquired 60% of the net assets of Al-Faisaliyah National Schools Company in exchange for a payment of 60,000,000 Saudi riyals, and thus the Group became controlling the Al-Faisaliyah National Schools Company. The activity of Al-Faisaliyah National Schools Company is as shown in Note (1-2). It qualifies as a business as defined in IFRS 3. Al-Faisaliyah National Schools Company was acquired to develop the group's operations.

The Company's share of the book value of the identifiable assets and liabilities acquired from Al- Faisaliyah National Schools Company amounted to SR 10,026,631 Goodwill was recognized in the amount of SR 49,973,369 which represents amounts in excess of the net book value of the identifiable net assets acquired.

The fair values have been determined based on the professional experience and judgment of the valuer, considering prevailing market conditions, current conditions of the assets and sources of market information. The valuation will be carried out by an independent valuator according to international valuation standards. The valuation results were arrived at by reference to open market value models. The process of allocating the purchase price will be carried out by an independent third party on the basis of the valuation report of the independent expert.

(All amounts in Saudi Riyals unless otherwise stated)

34. ACQUIRING SUBSIDIARIES (CONTINUED)

B. Al-Faisaliyah National Schools Company (CONTINUED)

The Group is in the process of making a comprehensive allocation of the purchase price, which is expected to be completed within twelve months from the date of acquisition and will focus, without limitation, on the completion of valuation adjustments on the following:

- recognition of intangible assets,
- property and equipment,
- Recognition of other financial and non-financial assets and liabilities,

The initial purchase price allocation is included in the consolidated financial statements. Subsequent adjustments will occur during the measurement period when the Group completes its estimate of the fair values of the assets acquired and the liabilities assumed. Accounting for the fair value of the financial assets and liabilities acquired from Al-Faisaliyah National Schools Company is provisional due to the inherent complexity and discretion associated with identifying intangible assets and determining the fair value of intangible assets and items included in the statement of financial position.

The legal procedures related to the purchase of the Al-Faisaliyah National Schools Company were completed during the year.

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

	Note	SR
Assets		
Property and equipment, net		**15,579,625**
Right of use of assets		**28,716,834**
Trade receivables		**8,596,064**
Prepayments and other current assets		**975,471**
Due from related party		**933,820**
Cash and cash equivalents		**302,119**
Liabilities		
Employee post-employment benefits		**(2,652,190)**
Lease obligations		**(29,084,053)**
Trade and other payables		**(6,656,639)**
Total fair value of the identifiable assets and liabilities acquired		**16,711,051**
Non-controlling interests		**6,684,420**
Net of the identifiable assets and liabilities acquired		**10,026,631**
Goodwill	9a	**49,973,369**
Consideration		**60,000,000**
Less: Non paid amounts (note 15)		**(12,000,000)**
<u>Net cash used from the acquisition</u>		
Paid consideration		**48,000,000**
Cash and cash equivalents		**(302,119)**
Net paid cash		**47,697,881**

35. SEGMENT INFORMATION

35.1 Operating segments

The segmental information is attributable to the Group's activities and business as approved by the Group management to be used as a basis for the financial reporting and consistent with the internal reporting process.

The segment results and assets comprise items that are directly attributable to certain segment and items that can reasonably be allocated between business segments.

The Group is organized into following main business segments:

1- Training

a. Computer
Serves individual and corporate segments. Individual segment incorporates training courses with period from three months to two years diploma corporate segment incorporates all advanced programming, networking and computer solutions. The Group follows the global methodology of New Horizon Company, of which the Group owns the franchise in the middle east region.

b. Language
Provides training courses in English language, consisting of 6 levels. The courses are held over a period of 2 to 14 months. The Group follows the global methodology of Direct English Company, of which the Group owns the franchise in the middle east region.

2- University
This segment represents the educational projects related to universities and the Ministry of Education, including operating the orientation years for several Saudi universities. These projects are focused on providing the academic staff for the orientation years according to scientific basis and standards set by the universities and managing these human resources for the universities.

3- Management Projects
This segment aims to provide trainees with information and various skills and up-to-date methods in relation to their jobs, and to improve and develop their abilities and skills. This includes development courses in management, leadership, stock trading and others, improving their efficiency and productivity through international certifications. This segment consists of all the subsidiaries of the group outside the Kingdom along with the Head Office sector.

4- Smart Link (Call centers)
This segment provides management and operating the customer service centers via telephone as well as the digital technologies means for a number of Government and private companies.

5- Schools
This segment is engaged in incorporating private educational schools for (boys/girls) from KG to grade 12 within the Kingdom of Saudi Arabia. Currently, the segment manages and operates a number of school's chain (American Curriculum) in the cities of Riyadh, Dammam, Dhahran and Jeddah in the Kingdom Saudi Arabia.

(All amounts in Saudi Riyals unless otherwise stated)

35. SEGMENT INFORMATION (CONTINUED)

35.1 Operating segments (CONTINUED)

31 December ٢٠٢٢	***Management projects and others***	***Training***	**Call Centers**	***Universities***	***Schools***	***Total***
Revenues	**98,435,181**	**80,394,528**	**374,658,418**	**148,084,731**	**179,324,981**	**880,897,839**
Depreciation and amortization	**4,381,526**	**11,667,629**	**17,845,905**	**233,331**	**37,224,905**	**71,353,296**
Profit before zakat and income tax	**3,135,189**	**(13,496,991)**	**9,450,260**	**8,962,073**	**11,823,918**	**19,874,449**
Total assets	**196,050,839**	**86,660,465**	**359,694,829**	**94,544,817**	**1,186,069,716**	**1,923,020,666**
Total liabilities	**367,035,652**	**31,603,009**	**265,987,199**	**22,608,275**	**509,241,215**	**1,196,475,350**
31 December ٢٠٢١ (restated)						
Revenues	101,787,931	119,581,099	381,763,658	120,974,136	118,690,363	842,797,187
Depreciation and amortization	6,205,792	11,572,661	17,726,409	191,097	32,077,987	67,773,946
Loss before zakat and income tax	12,266,955	(21,126,645)	(14,042,582)	1,506,287	(440,795)	(21,836,780)
Total assets	269,017,197	150,575,743	365,591,631	35,507,372	1,030,039,979	1,850,731,922
Total liabilities	364,779,824	29,854,704	255,170,883	10,380,394	450,157,910	1,110,343,715

Foreign revenues did not meet any of the quantitative limits referred to in IFRS 8 "Operating Segments" and therefore the geographical segments information was not disclosed.

35.2 Geographic information

The Geographical information represented in subsidiaries in foreign countries, the Management has been assessed the importance of disclosure of information of revenue and non-current assets, the conclusion is no requirement to disclose them due to immaterial of information which represent lower than 10% from revenue and non-current assets of the Group figures.

(All amounts in Saudi Riyals unless otherwise stated)

36. CONTINGENT AND COMMITMENTS

a) Contingencies
The Group's banks issued, on its behalf and during its normal course of business bank guarantees amounted to SR 97.35 million as at 31 December 2022 (31 December 2021: SR 108.7 million).

b) Commitments
The capital expenditure committed by the G but not incurred till 31 December 2022 amounting to SR 83.51 million (31 December 2021: SR 134.8 million).

	31 December ٢٠٢٢	31 December 2021
Bank guarantees	**97,352,167**	108,657,827
Capital expenditure committed	**83,511,678**	134,858,227

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial liabilities include borrowings, lease liabilities on right of use assets, , accounts payable, revenue received in advance, accrued expenses and other current liabilities due to a related party. The Group's principal financial assets consist of accounts receivable, prepaid expenses and other current assets, cash and cash equivalents, due from a related party. The main financial risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and aligns policies to manage those risks.

37-1 Market risk
It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affect the group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns. And Market risk as follows:

37-1-1 Market price risk
The Groups listed and unlisted investments are sensitive to price risks, arising from uncertainties about fair values of investment securities. the following table shows a breakdown of exposure to profit rates swap and their impact on equity, along with the percentage change in prices.

31 December 2022

Item	Balance	Sensitivity	Net Profit
Financial assets at FVTPL	**6,923,382**	**+1%**	**69,234**
		-1%	**(69,234)**

31 December 2021

Item	Balance	Sensitivity	Net Profit
Financial assets at FVTPL	3,112,228	+1%	31,123
		-1%	(31,123)

37-1-2 Interest rate risk
Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities, which mainly consist of bank facilities and borrowings. Management limits interest rate risk by monitoring changes in interest rates. Management monitors changes in interest rates and believes that the cash flow and interest rate risks to the fair value of the Group are not significant.

Group receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS**7** as the carrying amount or future cash flows do not change due to changes in market interest rates. however, the Group is exposed to fair value interest rate risk on borrowings.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

37-1 Market risk (CONTINUED)

37-1-2 Market Price risk (CONTINUED)

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

	31 December 2022	31 December 2021
Variable interest rate borrowings	**337,434,983**	342,975,606
Fixed interest rate borrowings	**92,219,975**	42,080,455

All existing credit facility agreements are concluded with local banks and are compatible with the provisions of Islamic Sharia.

Sensitivity analysis
The following table shows the sensitivity of income to reasonably possible changes in interest rates, with other variables held constant, there is no direct impact on the equity of the Group.

	31 December 2022		31 December 2021	
	Increase 100 points	**Reduce 100 points**	Increase 100 points	Reduce 100 points
Variable interest rate borrowings	**42,965,496**	**(42,965,496)**	38,505,606	(38,505,606)
Changes in cash flow	**42,965,496**	**(42,965,496)**	38,505,606	(38,505,606)

37-1-3 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi riyal, United States dollar, Pound Sterling, Egyptian Pound and Arab Emirate Dirham. Other transactions in foreign currencies are not material. Currency risk is managed on regular basis**.**

The Group operates internationally and is exposed to currency risk arising from exposure to different currencies. The Group also has investments in subsidiaries and associates whose net assets are exposed to currency risk.

These risks are currently reflected in currency exchange rate fluctuations between the Saudi Riyal, the UAE Dirham, the Pound Sterling and Egyptian Pound. The exchange rate fluctuation between Saudi riyal, the UAE dirham and the pound are recorded in a separate line item in equity in the consolidated financial statements.

	At 31 December 2022		
	GBP	**AED**	**EGP**
Cash at bank	**70,972**	**12,186,116**	**17,026,065**
Trade payables	**(620,715)**	**(8,749,312)**	**(10,178,003)**
	(549,743)	**3,436,804**	**6,848,062**

	At 31 December 2021		
	GBP	AED	EGP
Cash at bank	23,177	12,206,318	7,571,781
Trade payables	(550,506)	(10,561,131)	(5,557,864)
	(527,329)	1,645,187	2,013,917

(All amounts in Saudi Riyals unless otherwise stated)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

37-2 Credit risk

It is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Group does not have a significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Accounts receivable and other receivables are mainly due from customers in the local market and are stated at their estimated collectible value. The Group has policies in place to reduce its exposure to credit risk. The carrying amounts of the financial assets represent the maximum credit risk.

The Group is exposed to credit risk mainly from trade receivables and cash and cash equivalent, other receivable not constitute significant credit risk to the Group, following are the amounts exposure to the credit risk:

	31 December 2022	31 December 2021
Recoverable amount from employees benefits	**10,188,303**	7,740,337
Trade receivables	**393,268,040**	358,218,375
Other receivables (note 13)	**16,741,085**	20,639,206
Work in progress	**23,491,649**	-
Due from related parties	**9,588,371**	4,307,051
Cash and cash equivalent	**45,490,349**	126,105,863
	498,767,797	517,010,832

Trade receivables:
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers.

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. As the Group's customers have been distinguished between governmental customers and non-governmental customers. Historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• When there is a breach of financial covenants by the debtor
• Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 5 years past due for government companies, 4 years past due for schools sector and 1 year past due for non-government receivables, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(All amounts in Saudi Riyals unless otherwise stated)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

37-2 Credit risk (CONTINUED)

Aging of trade receivables is as follows:
The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the 's different customer segments.

Trade receivable allocated to:	**31 December 2022**	31 December 2021
Management projects, training, call centers and universities	**431,643,392**	394,735,839
ECL	**(٩٨,٤٣٠,٤٨٦)**	(88,272,079)
	333,212,906	306,463,760
Schools	**71,161,912**	60,306,333
ECL	**(11,106,778)**	(8,551,718)
	60,055,134	51,754,615
	393,268,040	358,218,375

Management projects, training, call centers and universities:

31 December 2022	**Current**	**0 to 90 days**	**90 To 180 days**	**180 to 270 days**	**270 to 360 days**	**360 to 720 days**	**720 to 1825 days**	**Above 1825 days**	**Total**
Book value	**166,669,888**	**57,993,029**	**16,983,861**	**١٧,٥٢٠,٤٤٦**	**7,778,253**	**36,787,467**	**73,259,502**	**54,650,946**	**431,643,392**
ECL	**1,279,627**	**999,128**	**1,231,335**	**1,179,672**	**2,244,886**	**11,063,203**	**25,781,689**	**54,650,946**	**٩٨,٤٣٠,٤٨٦**
Loss rate	**0.008%**	**0.18%**	**0.73%**	**6.83%**	**28.55%**	**30.24%**	**35%**	**100%**	**22.80%**

31 December 2021	Current	0 to 90 days	90 To 180 days	180 to 270 days	270 to 360 days	360 to 720 days	720 to 1825 days	Above 1825 days	Total
Book value	145,840387	24,839,874	53,452,626	37,501,577	11,676,703	25,143,570	48,290,876	47,990,226	394,735,839
ECL	865,999	605,451	376,162	305,884	3,845,635	7,603,416	26,679,306	47,990,226	88,272,079
Loss rate	0.54%	1.13%	1.00%	2.62%	15.48%	53.22%	55,3%	100%	22.36%

Schools:

31 December 2022	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 -4 years**	**Over 4 years**	**Total**
Book value	**56,921,998**	**7,574,693**	**2,494,522**	**1,839,306**	**2,331,393**	**71,161,912**
ECL	**4,048,255**	**2,629,884**	**1,126,922**	**970,324**	**2,331,393**	**11,106,778**
Loss rate	**7.11%**	**34.72%**	**45.18%**	**52.75%**	**100%**	**15.61%**

31 December 2021	Less than 1 year	1 to 2 years	2 to 3 years	3 -4 years	Over 4 years	Total
Book value	50,912,128	2,800,056	2,394,093	2,800,056	1,400,000	60,306,333
ECL	3,620,837	972,161	1,081,552	1,477,168	1,400,000	8,551,718
Loss rate	7.11%	34.72%	45.18%	52.75%	100%	14.18%

Cash and cash equivalent:
Cash balances and derivative financial instruments are held with banks with sound credit ratings ranging from BBB- and above.

(All amounts in Saudi Riyals unless otherwise stated)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

37-3 Liquidity risk

It is the risk that the Group will encounter difficulty in obtaining the financing necessary to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed by regularly monitoring the adequacy of liquidity available to meet the Group's financial obligations. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and established conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table summarizes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

31 December 2022	**Carrying Value**	**Total contractual cash flow**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Lease liabilities on right-of-use assets	**504,161,735**	**670,783,477**	**٥٤,٤٧٢,٢٧٤**	**٢٦٢,٧٠٥,٠٠٩**	**٣٥٣,٦٠٦,١٩٤**
Borrowings	**279,788,429**	**279,788,429**	**180,942,983**	**98,845,446**	**-**
Short-term borrowings	**146,472,015**	**146,472,015**	**146,472,015**	**-**	**-**
Banks overdraft	**3,394,514**	**3,394,514**	**3,394,514**	**-**	**-**
Trade and other payables	**97,730,837**	**97,730,837**	**97,730,837**	**-**	**-**
Due to related parties	**12,117,950**	**12,117,950**	**12,117,950**	**-**	**-**
	1,043,665,480	**1,210,287,222**	**495,130,573**	**361,550,455**	**٣٥٣,٦٠٦,١٩٤**

31 December 2021	Carrying Value	Total contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Lease liabilities on right-of-use assets	503,536,707	746,250,736	76,777,974	267,847,333	401,625,429
Borrowings	218,882,714	218,882,714	218,882,714	-	-
Short-term borrowings	162,170,870	162,170,870	162,170,870	-	-
Banks overdraft	4,002,477	4,002,477	4,002,477	-	-
Trade and other payables	116,918,180	116,918,180	116,918,180	-	-
	1,005,510,948	1,248,224,977	578,752,215	267,847,333	401,625,429

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors its capital base using the net debt to equity ratio. Net debt is calculated as borrowings less cash and cash equivalents.
The following is the net debt to equity ratio of the Group at the end of the year:

	31 December 2022	31 December 2021 Restated
Borrowings	**429,654,958**	385,056,061
Less:		
Cash and cash equivalents	**(45,490,349)**	(126,105,863)
Net debt	**384,164,609**	258,950,198
Total equity attributed to Company shareholders	**711,492,480**	748,680,292
Net debt rate to equity	**54%**	35%

(All amounts in Saudi Riyals unless otherwise stated)

38. FAIR FALUE OF FINANCIAL INSTRUMENTS

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. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into various levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets consist of cash and bank balances, investment, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities and other liabilities.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI and Financial derivative instruments at FVTPL. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

The following table shows the fair value 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.

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS				
Investment in equity instruments at fair value through other comprehensive income	**258,499,996**	**-**	**17,092,378**	**275,592,374**
Financial derivative instruments	**-**	**6,923,382**	**-**	**6,923,382**

31 December 2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Investment in equity instruments at fair value through other comprehensive income	288,337,074	-	20,029,699	308,366,773
Financial derivative instruments	-	3,112,228	-	3,112,228

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period.

(All amounts in Saudi Riyals unless otherwise stated)

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Al-Rajhi Riet Fund	Market data	N/A	N/A
New Horizon Holdings	Expert valuation	N/A	N/A

Financial derivative instruments classified as Level 2 comprise profit rate swaps. These derivatives are fair valued using widely recognized valuation models. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.

39. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES

39.1 Restatement of prior years' errors

A. Right of use assets

During the year ended 31 December 2022, the Group's management identified certain errors represented of the following:

- Differences in depreciation expenses for year 2021 and years before 2021 amounting to SR 5,247,980 and 545,980 respectively
- Difference in interest expenses for year 2021 and years before 2021 amounting to SR 4,062,841 and 1,952,917.
- There some leases contracts were expired but not accounted for appropriately. Management of the Group restated the right of use assets, liabilities and equity for the year ended 31 December 2021 with total amount of SR 1,079,052.

B. Recoverable amount from employees benefits

Recognition an asset represents the compensation from third party on end for services for number of employees working with the client's Company as an outsource manpower.

C. Trade receivable and unbilled revenue

During the year ended 31 December 2022, the management of the Group identified certain unbilled revenue balances pertaining to 2019 and 2020 and written off those balances amounting to SR 2,582,978 from retained earnings as at 1 January 2021, an amount of SR 1,420,094 reversed from revenue for the year ended 31 December 2021.

In addition to restatement occurred trade receivables as a result of the management reassessment of application of IFRS 9 on expected credit losses model, and inappropriate application of IFRS 9 during 2021.

D. Prepayments and other receivables

This restatement in as a result of some invoices wrongly credited to prepayment in 2021, which corrected in the cost of revenue with amount of SR 9,623,431 included an amount of SR 1,628,386 write off (note 30).

39. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

39.1 Restatement of prior years' errors (CONTINUED)

E. Long term borrowings

During 2022, the Company's management identified that there was a breach of bank covenants terms of one of its bank lenders as of 31 December 2021, hence the non-current balance of the loan has been reclassified in current liability. however, the Company obtained a waiver letter in 2022.

F. Employees' end of service benefits

This restatement occurred due to error in the actuarial assumptions used in the calculation of remeasurement gain/losses and due to recognition of liabilities towards outsourced employees.

G. Trade and other payables

- VAT output was not correctly recorded amounting to SR 1,017,172 and
- Conversion of one of the Subsidiaries from UK GAAP to IFRS resulting the loss of SR 1,113,603 in 2021.

H. Cost of revenues

- Restatement pertains to suppliers' invoices were wrongly credited to prepayments amounting to 807,089 in 2021, payments made for developing infrastructure and projects were erroneously recorded as prepayments amounting to SR 5,854,063 and SR 2,948,071 respectively;
- VAT output was not correctly recorded amounting to SR 1,017,172, and
- Conversion of one of the subsidiaries from UK GAAP to IFRS resulting the loss of SR 1,113,603 in 2021.

39.2 Certain comparative figures have been reclassified to comply with current year.

(All amounts in Saudi Riyals unless otherwise stated)

39. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

The impact of the restatements and reclassification the financial position for the year ended 1 January 2021:

	Note	Balance as previously reported 1 January 2021	Adjustments	Reclassifications	Balance restated 1 January 2021
<u>**Assets**</u>					
Non-current assets					
Property and equipment, net		459,350,276	-	-	459,350,276
Right of use assets	A	414,213,221	(5,247,763)	-	408,965,458
Investment in equity instruments at fair value through OCI		271,812,091	-	-	271,812,091
Intangible assets		31,946,770	-	-	31,946,770
Recoverable amount from employees benefits	B	-	-,	4,223,100	4,223,100
Total non-current assets		1,177,322,358	(5,247,763)	4,223,100	1,176,297,695
Current assets					
Inventories		11,676,229	-	-	11,676,229
Trade receivables		339,231,065	-	27,594,940	366,826,005
Unbilled revenue	C	34,401,018	(2,582,978)	(31,818,040)	-
Prepayments and other receivables		61,632,542	-	-	61,632,542
Cash and cash equivalent		22,126,872	-	-	22,126,872
Total current assets		469,067,726	(2,582,978)	(4,223,100)	462,261,648
Total assets		1,646,390,084	(7,830,741)	-	1,638,559,343
<u>**Equity and liabilities**</u>					
Equity attributable to shareholders of the parent					
Share capital		450,000,000	-	-	450,000,000
Statutory reserve		83,043,571	-	-	83,043,571
Actuarial reserve		(13,297,029)	-	-	(13,297,029)
Retained earnings		55,548,483	(11,893,58٢)	-	43,654,901
Foreign currency translation reserve		(2,772,628)	-	-	(2,772,628)
Fair value reserve		20,693,499	-	-	20,693,499
Total equity attributable to shareholders of the parent		593,215,896	(11,893,58٢)	-	581,322,314
Non-controlling interest		2,871,761	-	-	2,871,761
Total equity		596,087,657	(11,893,58٢)	-	584,194,075
<u>**Liabilities**</u>					
Non-current liabilities					
Non-current portion of lease liabilities	A	442,731,835	4,062,841	-	446,794,676
Long-term borrowings		161,156,800	-	-	161,156,800
Employees' end of service benefits		60,808,916	-	-	60,808,916
Deferred gain from sale of property and equipment		10,850,602	-	-	10,850,602
Total		675,548,153	4,062,841	-	679,610,994
Current liabilities					
Banks overdraft		4,829,435	-	-	4,829,435
Short term loan		261,013,840	-	-	261,013,840
Current portion of deferred gain from sale of property and equipment		803,748	-	-	803,748
Current portion of lease obligations		23,301,676	-	-	23,301,676
Trade and other payables		83,090,843		(3,990,315)	79,100,528
Contract liabilities		-	-	3,990,315	3,990,315
Due to related parties		240,041	-	-	240,041
Zakat and income tax payable		1,474,691	-	-	1,474,691
Total current liabilities		374,754,274	-	-	374,754,274
Total liabilities		1,050,302,427	4,062,841	-	1,054,365,268
Total equity and liabilities		1,646,390,084	(7,830,741)	-	1,638,559,34٣

(All amounts in Saudi Riyals unless otherwise stated)

39. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

The impact of the restatements and reclassification the financial position as of 31 December 2021:

	Note	Balance as previously reported 31 December 2021	Adjustments	Reclassification	Balance restated 31 December 2021
Assets					
Non-current assets					
Property and equipment, net		475,915,945	-	-	475,915,945
Right of use of assets	A	434,631,475	(6,436,152)	-	428,195,323
Investment in equity instruments at fair value through OCI		305,360,573	-	3,006,200	308,366,773
Intangible assets, net		31,867,528	-	-	31,867,528
Financial derivative instrument carried at FVTPL		3,112,228	-	-	3,112,228
Recoverable amount from employees benefits	B	-	3,517,237	4,223,100	7,740,337
Total non-current assets		1,250,887,749	(2,918,915)	7,229,300	1,255,198,134
Current assets					
Inventories		9,640,686	-	-	9,640,686
Trade receivables	C	362,374,613	(39,783,308)	35,627,070	358,218,375
Unbilled revenue	C	43,853,242	(4,003,072)	(39,850,170)	-
Prepayments and other receivables	D	112,720,649	(9,623,431)	(5,835,405)	97,261,813
Due from related parties		1,477,846	-	2,829,205	4,307,051
Cash and cash equivalent		126,105,863	-	-	126,105,863
Total current assets		656,172,899	(53,409,811)	(7,229,300)	595,533,788
Total assets		1,907,060,648	(56,328,726)	-	1,850,731,922
Equity and liabilities					
Equity attributable to shareholders of the parent					
Share capital		650,000,000	-	-	650,000,000
Statutory reserve		85,365,123	(2,321,552)	-	83,043,571
Actuarial reserve		(30,057,880)	(10,162,792)	-	(40,220,672)
Retained earnings		58,642,049	(66,107,587)	-	(7,465,538)
Foreign currency translation reserve		(2,728,551)	-	-	(2,728,551)
Fair value reserve		54,241,981	-	-	54,241,981
Total equity attributable to shareholders of the parent		815,462,722	(78,591,931)		736,870,791
Non-controlling interest		3,517,416	-	-	3,517,416
Total equity		818,980,138	(78,591,931)	-	740,388,207
Liabilities					
Non-current liabilities				-	
Non-current portion of lease liabilities	A	472,230,091	6,452,401	(51,923,759)	426,758,733
Long term borrowings	E	141,441,807	-	(141,441,807)	-
Employees' end of service benefits	B,F	69,552,565	13,680,031	-	83,232,596
Deferred gain from sale of property and equipment		10,046,854	-	-	10,046,854
Total non-current liabilities		693,271,317	20,132,432	(193,365,566)	520,038,183
Current liabilities					
Banks overdraft		4,002,477	-	-	4,002,477
Short term borrowings		204,251,325	-	(42,080,455)	162,170,870
Current portion of long-term borrowings	E	35,360,452	-	183,522,262	218,882,714
Current portion of deferred gain from sale of property and equipment		803,748	-	-	803,748
Current portion of lease obligations		24,854,215	-	51,923,759	76,777,974
Trade and other payables	G	114,787,408	2,130,773	(30,767,363)	86,150,818
Due to related parties		-	-	263,277	263,277
Contract liabilities		-	-	30,504,086	30,504,086
Zakat and income tax payable		10,749,568	-	-	10,749,568
Total		394,809,192	2,130,773	193,365,566	590,305,532
Total liabilities		1,088,080,510	22,263,205	-	1,110,343,715
Total equity and liabilities		1,907,060,648	(56,328,726)	-	1,850,731,922

(All amounts in Saudi Riyals unless otherwise stated)

39. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

The impact of the restatements and reclassification in the statement of profit or loss for year ended 31 December 2021 as follows:

	Note	Amounts as previously reported 31 December 2021	Adjustments	Reclassifications	Amounts restated December 31 2021
Revenue	C	844,217,281	(1,420,094)	-	842,797,187
Cost of revenue	A,H	(707,280,548)	(10,671,800)	22,049,702	(695,902,646)
GROSS PROFIT		136,936,733	(12,091,894)	22,049,702	146,894,541
Selling and marketing		(25,837,291)		-	(25,837,291)
General and administration expenses	A	(63,669,550)	(1,079,052)	(22,049,702)	(86,798,304)
Allowance of expected loss on trade receivable		5,516,800	(39,783,308)	-	(34,266,508)
Other impairment	B	-	(1,628,386)	(605,747)	(2,234,133)
PROFIT (LOSS) FROM OPERATIONS		52,946,692	(54,582,640)	(605,747)	(2,241,695)
Other income		30,879,672	-	-	30,879,672
Financial charges		(51,634,068)	(1,952,917)	-	(53,586,985)
Unrealized gain / (loss) on financial derivative instruments		3,112,228	-	-	3,112,228
Impairment of Prepayments and other receivables		(605,747)	-	605,747	-
PROFIT (LOSS) BEFORE ZAKAT AND INCOME TAX		34,698,777	(56,535,557)	-	(21,836,780)
Zakat and Income tax		(11,483,259)	-	-	(11,483,259)
NET PROFIT (LOSS) FOR THE YEAR		23,215,518	(56,535,557)	-	(33,320,039)
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:					
Shareholders of the parent Company		20,687,921	(56,535,557)	-	(35,847,636)
Non-controlling interests		2,527,597	-	-	2,527,597
		23,215,518	(56,535,557)	-	(33,320,039)

(All amounts in Saudi Riyals unless otherwise stated)

39. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

The impact of the restatements and reclassification in the statement of Comprehensive Income for year ended 31 December 2021 as follows:

	Amounts as previously reported 31 December 2021	Adjustments	Amounts restated 31 December 2021
NET PROFIT (LOSS) FOR THE YEAR	23,215,518	(56,535,557)	(33,320,039)
OTHER COMPEREHNSINVE INCOME			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation reserve	44,077	-	44,077
	44,077	-	44,077
Items that will not be reclassified subsequently to profit or loss:			
Change in the fair value of investments in equity instruments	33,548,482	-	33,548,482
Actuarial loss on employees' post-employment benefits	(16,760,851)	(10,162,792)	(26,923,643)
Other comprehensive (loss)/income for the year	16,787,631	(10,162,792)	6,624,839
TOTAL COMPREHENSIVE INCOME	40,047,226	(66,698,349)	(26,651,123)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the parent Company	37,519,629	(66,698,349)	(29,178,720)
Non-controlling interests	2,527,597	-	2,527,597
	40,047,226	(66,698,349)	(26,651,123)

The impact of the above adjustments and reclassifications in statement of cash flows for the year ended 31 December 2021:

	Amounts as previously reported 31 December 2021	Adjustments	Reclassifications	Amounts restated December 31 2021
Profit for the year	34,698,777	(56,535,557)	-	(21,836,780)
Allowance of expected loss on trade receivable	(5,516,800)	39,783,308	-	34,266,508
Financial charges	-	1,952,917	51,634,068	53,586,985
Foreign currency translation reserve	-	-	44,077	44,077
Right of use of assets depreciation	37,299,063	545,980	-	37,845,043
Trade receivable	(17,626,748)	1,420,097	(9,452,224)	(25,658,875)
Prepayments and other receivables	(51,088,108)	9,623,431	2,829,205	(38,635,472)
Unbilled revenue	(9,452,224)	-	9,452,224	
Due from related party	(1,477,846)	-	(2,829,205)	(4,307,051)
Due to related parties	(240,041)	263,277	-	23,236
Contract liabilities	-	-	26,513,771	26,513,771
Trade and other payables	31,729,053	1,867,496	(26,513,771)	7,082,778
Net cash generated from operating activities	**35,057,726**	**(1,079,051)**	**51,678,145**	**85,656,820**
Net cash used in investing activities	**(103,074,850)**	**642,410**	**-**	**(102,432,440)**
Overdraft	**(826,958)**	**-**	**826,958**	**-**
Net cash used in financing activities	**171,996,115**	**436,641**	**(50,851,187)**	**121,581,569**
Net change in cash and cash equivalents	**126,105,863**	**-**	**(4,002,477)**	**122,103,386**

(All amounts in Saudi Riyals unless otherwise stated)

39. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

Retained earnings reconciliation:

	31 December 2021
Balance as previously reported	**58,642,049**
Reverse of unbilled revenue for year 2020	**(2,582,978)**
Adjustments on right of use assets	**(9,310,604)**
Adjustments on statement of profit or loss for year ended 31 December 2021	**(56,535,557)**
Reverse formed statutory reserve as a result of loss for year 2021	**2,321,552**
Balance restated	**(7,465,538)**

Earnings per share:

	31 December 2021
Basic and diluted earnings per share as previously reported	**0.43**
Adjustments	**(1.17)**
Basic and diluted earnings per share restated	**(0.74)**

40. DIVIDENDS

During the year ended 31 December 2022, no dividends have been announced by the Ordinary General Assembly of the Group. As on 25 May, 2021, the Ordinary General Assembly approved dividends in the amount of SR 11.250 million at a value of 0,25 Saudi Riyal per share.

41. SUBSEQUENT EVENTS

On 21 Ramadan 1444 H (corresponding to 12 April 2023 G), Al-Khaleej Training and Education company announced the signing of a sale and purchase agreement with the owners of Al-Riyadah Model Education Company to acquire 51% of the total shares of ownership of Al-Riyadah Model Education Company. This agreement is subject to a number of essential conditions agreed upon that must be met in advance, including but not limited to obtaining the approval of the relevant government agencies, including the General Authority for Competition, and the sellers’ termination of some legal procedures and requirements that were agreed upon in the contract.

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has approved the consolidated financial statements on 24 Shawwal 1444 H (corresponding to 14 May, 2023.G).