Al Faleh Educational Holding W.L.L.

Consolidated financial statements

31 August 2020

Al Faleh Educational Holding W.L.L.

Consolidated financial statements
As at and for the year ended 31 August 2020

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Al Faleh Educational Holding W.L.L.
Doha, State of Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Al Faleh Educational Holding W.L.L. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 August 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 25 of the consolidated financial statements which describe the possible effect of Covid-19 pandemic. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (continued)

Al Faleh Educational Holding W.L.L.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

Al Faleh Educational Holding W.L.L.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with management 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.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith. Except for the matter referred to in Note 1 of the consolidated financial statements regarding the fact that the Company has prepared its consolidated financial statements for the year ended 31 August 2020, despite that this is not in accordance with the Company's Articles of Association, we are not aware of any other violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 August 2020.

30 December 2020
Doha
State of Qatar

Yacoub Hobeika
KPMG
Audit registration number 289

Al Faleh Educational Holding W.L.L.

Consolidated statement of financial position
As at 31 August 2020

In Qatari Riyals

	Note	2020	2019
Assets			
Property and equipment	8	84,047,870	92,789,778
Right-of-use assets	9	68,756,300	-
Intangible assets and goodwill	10	235,611,413	243,301,933
Non-current assets		388,415,583	336,091,711
Inventories		807,674	-
Accounts and other receivables	11	3,661,368	2,780,753
Due from related parties	12 (b)	-	16,281,278
Cash and bank balances	13	5,821,026	4,892,378
Current assets		10,290,068	23,954,409
Total assets		**398,705,651**	360,046,120
Equity			
Share capital	14	10,000,000	10,000,000
Capital contribution		270,018,246	254,759,206
Legal reserve		2,279,689	1,572,489
Retained earnings		18,072,542	14,072,400
Total equity		300,370,477	280,404,095
Liabilities			
Loans and borrowings	15	27,699,548	25,215,452
Lease liabilities	16	9,676,404	283,975
Employees' end of service benefits	17	2,741,531	1,918,577
Non-current liabilities		40,117,483	27,418,004
Due to a related party	12 (c)	3,545,127	-
Bank overdraft	13	3,611,419	5,001,681
Loans and borrowings	15	8,858,603	8,795,984
Lease liabilities	16	4,379,129	586,293
Trade and other payables	18	37,823,413	37,840,063
Current liabilities		58,217,691	52,224,021
Total liabilities		98,335,174	79,642,025
Total equity and liabilities		**398,705,651**	360,046,120

These consolidated financial statements were approved by the shareholders and signed on their behalf by the following 30 December 2020:

Sheikha Aisha Bint Faleh Al-Thani
Chairperson

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The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

Al Faleh Educational Holding W.L.L.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 August 2020 In Qatari Riyals

	Note	**2020**	2019
Fees	19	118,559,549	109,421,093
Other income		127,881	1,170
Book expenses		(1,847,337)	(2,127,461)
General and administrative expenses	20	(77,234,582)	(74,702,173)
Allowance for impairment of accounts receivables	11	(528,842)	(254,480)
Depreciation of property and equipment	8	(10,051,613)	(10,026,054)
Depreciation of right-of-use assets	9	(11,390,743)	-
Amortisation	10 (iii)	(7,690,520)	(7,690,520)
Operating profit		9,943,793	14,621,575
Finance costs		(2,871,791)	(1,936,928)
Profit		**7,072,002**	12,684,647
Other comprehensive income		-	-
Total comprehensive income		**7,072,002**	12,684,647

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The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

Al Faleh Educational Holding W.L.L.

Consolidated statement of changes in equity
As at and for the year ended 31 August 2020

In Qatari Riyals

	Share capital	Capital contribution	Legal reserve (1)	Retained earnings	Total
Balance at 1 September 2018	10,000,000	-	304,024	2,736,218	13,040,242
Adjustment on initial application of IFRS 9	-	-	-	(80,000)	(80,000)
Balance at 1 September 2018 (adjusted)	10,000,000	-	304,024	2,656,218	12,960,242
Total comprehensive income:					
Profit	-	-	-	12,684,647	12,684,647
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	12,684,647	12,684,647
Transfer to legal reserve	-	-	1,268,465	(1,268,465)	-
Transfer to capital contribution (2)	-	254,759,206	-	-	254,759,206
Balance at 31 August 2019	10,000,000	254,759,206	1,572,489	14,072,400	280,404,095
Balance at 1 September 2019	10,000,000	254,759,206	1,572,489	14,072,400	280,404,095
Adjustment on initial application of IFRS 16 (Note 6 (o))	-	15,259,040	-	-	15,259,040
Balance at 1 September 2019 (adjusted)	10,000,000	270,018,246	1,572,489	14,072,400	295,663,135
Total comprehensive income:					
Profit	-	-	-	7,072,002	7,072,002
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	7,072,002	7,072,002
Transfer to legal reserve	-	-	707,200	(707,200)	-
Dividend distribution (3)				(2,364,660)	(2,364,660)
Balance at 31 August 2020	**10,000,000**	**270,018,246**	**2,279,689**	**18,072,542**	**300,370,477**

1) In accordance with Qatar Commercial Companies Law No. 11 of 2015, a minimum of 10% of the net profit for the year should be transferred to legal reserve. This reserve is to be maintained until the reserve equals 50% of the paid up share capital and is not available for distribution except in circumstances specified in the above Law.

2) The shareholders decided to transfer their receivable to capital contribution as per their decision dated 31 December 2018.

3) As per the shareholder's resolution dated 29 February 2020, dividend amounting to QR 2,364,660 was distributed during the year.

The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

Al Faleh Educational Holding W.L.L.

Consolidated statement of cash flows
For the year ended 31 August 2020

In Qatari Riyals

	Note	2020	2019
Cash flows from operating activities			
Profit		7,072,002	12,684,647
Adjustments for:			
Depreciation of property and equipment	8	10,051,613	10,026,054
Depreciation of right-of-use assets	9	11,390,743	-
Amortisation	10 (iii)	7,690,520	7,690,520
Employees' end of service benefits provision	17	1,386,028	322,282
Allowance for impairment of accounts receivables	11	528,842	254,480
Bad debts written off		-	152,481
Finance costs		2,871,791	1,936,928
		40,991,539	33,067,392
Changes in:			
- inventories		(807,674)	-
- accounts and other receivables		(1,409,457)	(1,378,120)
- due from related parties		(32,633,382)	(11,611,678)
- due to a related party		3,545,127	(16,560,870)
- trade and other payables		(16,650)	(2,212,869)
Cash from operating activities		9,669,503	1,303,855
Employees' end of service benefits paid	17	(563,074)	(578,138)
Finance costs paid		(2,141,345)	(1,936,928)
Net cash generated from / (used in) operating activities		**6,965,084**	(1,211,211)
Cash flows from investing activities			
Acquisition of property and equipment	8	(1,309,705)	(4,041,916)
Movement in bank guarantee deposit		-	960,000
Net cash used in investing activities		**(1,309,705)**	(3,081,916)
Cash flows from financing activities			
Proceeds from borrowings	15	6,727,772	10,142,000
Repayment of borrowings	15	(4,911,503)	(6,558,224)
Repayment of lease liabilities	16	(5,152,738)	(596,777)
Net cash (used in) / generated from financing activities		**(3,336,469)**	2,986,999
Net changes in cash and cash equivalents		2,318,910	(1,306,128)
Cash and cash equivalents at the beginning of the year		(762,303)	543,825
Cash and cash equivalents at 31 August	13	**1,556,607**	(762,303)
Non cash transactions:			
Dividend distribution		(2,364,660)	-
Transfer to capital contribution		15,259,040	254,759,206

The notes on pages 8 to 39 are an integral part of these consolidated financial statements.

1. Reporting entity

Al Faleh Educational Holding W.L.L. (the "Company") is registered in the state of Qatar as a company with limited liability under the Commercial Registration No. 71150. The share capital is distributed among the shareholders as follows in the current and comparative year:

Name	**2020 Percentage**	2019 Percentage
Sheikha Aisha Bint Faleh Nasser Bin Ahmed Al-Thani	76%	76%
Sheikh Jassim Bin Nawaf Nasser Bin Khalid Al-Thani	4%	4%
Sheikh Faleh Bin Nawaf Nasser Bin Khalid Al-Thani	4%	4%
Sheikh Nasser Bin Nawaf Nasser Bin Khalid Al-Thani	4%	4%
Sheikha Maryam Bint Nawaf Nasser Bin Khalid Al-Thani	2%	2%
Sheikha Anwar Bint Nawaf Nasser Bin Ahmad Al-Thani	2%	2%
Sheikh Khalid Nawaf Bin Nasser Bin Khalid Al-Thani	4%	4%
Sheikh Mohamad Nawaf Bin Nasser Khalid Al-Thani	4%	4%
	100%	100%

The Company was initially registered as a limited liability company called Al Faleh Trading Group Holding W.L.L. As per the decision of the shareholders, the name of the Company is changed to Al Faleh Educational Holding W.L.L. with effect from 15 May 2018. The Company is in the process of amending its Articles of Association to effect the change in name of the Company.

As per the Company's Articles of Association, the financial statements of the Company shall be prepared for the year ended 31 December 2019. However, the management prepared these consolidated financial statements for the year ended 31 August 2020.

The Company had the following subsidiaries, as at the current and the comparative reporting dates:

Name of subsidiary	**Principal activities**	**Ownership interest**	
		2020	2019
Doha International Kindergarten W.L.L.	Kindergarten	100%	100%
Doha Academy W.L.L.	Kindergarten, primary, preparatory and secondary education	100%	100%
Al Faleh Group for Educational and Academic Services W.L.L.	Educational activities including university education	100%	100%
AFG College with the University of Aberdeen W.L.L.	University education	100%	100%

The accompanying consolidated financial statements of the Company as at 31 August 2020 comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily engaged in running kindergarten, primary, preparatory, secondary schools for education and providing university education.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

This is the first set of the Group's annual financial statements in which IFRS 16 Leases has been applied. Changes to significant accounting policies are described in Note 6 (o).

3. Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis.

4. Functional and presentation currency

These consolidated financial statements have been presented in Qatari Riyals, which is the Group's functional currency. All financial information presented in Qatari Riyals has been rounded to the nearest Qatari Riyal, unless otherwise indicated.

5. Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in Note 23.

6. Significant accounting policies

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements.

a) Basis of consolidation

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

6. Significant accounting policies (continued)

a) Basis of consolidation (continued)

i) Business combinations (continued)

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii) Non- controlling interests

Non - controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

6. Significant accounting policies (continued)

b) Property and equipment (continued)

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

Depreciation
Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative years are as follows:

Building	20 years
Machinery and equipment	5 years
Computer and equipment	3 years
Motor vehicles	5 years
Furniture and fixtures	4-7 years
Sign boards	3-5 years
Leasehold improvements	4-5 years
Learning resources	4 years

Depreciation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

Capital work in progress
Capital work in progress represents projects in the course of construction for the purposes of use in future. Capital work in progress is carried at cost, less any recognised impairment loss. Upon completion these projects will be transferred to property and equipment.

c) Right-of-use assets

Recognition and measurement

Right-of-use assets are recognized at the lease commencement date at cost, which comprises the initial amount of the lease liability (see accounting policy “Lease liabilities”) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent measurement

Items of right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of a right-of-use asset using the straight-line method over the earlier of the lease term and its useful life. It is depreciated over its useful life, if the lease agreement either transfers ownership of the right-of-use asset to the Group by the end of the lease term or reflects that the Group will exercise a purchase option at the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

In addition, the carrying value of a right of use asset may be periodically adjusted for certain remeasurements of the related lease liability (see accounting policy “Lease liabilities”).

c) Right-of-use assets (continued)

Derecognition

An item of a right-of-use asset is derecognised at the earlier of the end of the lease term, cancellation of lease contract, or transfer of control of the underlying asset. In case control of the underlying asset passes to the Group, the carrying value of the right-of-use asset is reclassified to property and equipment.

d) Intangible assets and goodwill

Recognition and measurement

Goodwill and trademark
Goodwill and trademark arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current year are as follows:

Learner's enrolments	7 - 13 years
Franchise rights	20 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Leases

Leases – Group as a lessee: Policy applicable from 1 September 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

6. Significant accounting policies (continued)

e) Leases (continued)

Leases – Group as a lessee: Policy applicable from 1 September 2019 (continued)

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The above policy is applied to contracts effective as on or entered into after 1 September 2019.

Where it is established that the Group is a lessee, a right-of-use asset (See accounting policy “Right-of-use asset”) and a lease liability are recognized at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortised cost using the effective interest method.

A lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

6. Significant accounting policies (continued)

e) Leases (continued)

Leases – Group as a lessee: Policy applicable before 1 September 2019

Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are shown on the consolidated statement of financial position as finance lease liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated on a straight-line basis over the shorter of the lease term and their useful economic life, unless there is reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives. The Group did not have finance leases in the comparative year.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases – Group as a lessor

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the consolidated statement of financial position as property and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

Leases in which a significant portion of the risk and rewards of ownership are transferred to the lessee are classified as finance leases. They are initially recognised as “Finance lease receivables” on the consolidated statement of financial position at the present value of the minimum lease payments (the net investment in the lease) receivable from the lessee over the period of the lease. Over the lease term, each lease payment made by the lessee is allocated between the “Finance lease receivables” and “Finance lease income” in profit or loss so as to achieve a constant rate on the finance lease receivable balance outstanding. The Group does not have finance lease receivables.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank balances and short-term deposits with maturities of three months or less, if any, net of any outstanding balances and are used by the Group in the management of its short-term commitments. Bank overdrafts if any, that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

6. Significant accounting policies (continued)

g) Financial instruments

i) Recognition and initial measurement

Accounts receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and;

- its contractual terms give rise on specified dates to cash flows that are solely payments principal and interest on the principal amount outstanding.

The Group does not have debit and equity investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group’s management;

6. Significant accounting policies (continued)

g) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment: (continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

6. Significant accounting policies (continued)

g) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

6. Significant accounting policies (continued)

h) Impairment

Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

6. Significant accounting policies (continued)

h) Impairment (continued)

Non-derivative financial assets (continued)

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For students, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Share capital

Ordinary shares issued by the Company are classified as equity.

j) Employees' end of service benefits

The Group provides for employees' end of service benefits determined in accordance with the provisions of the Qatar Labour Law based on employees' salaries and period of employment, and are paid to the employee on termination of employment with the Group.

The Group has no expectation of settling its employees' end of service benefits obligation in near term and hence classified it as non- current liability. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

6. Significant accounting policies (continued)

k) Provisions

Provisions are recognised, if any, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

l) Revenue recognition

Revenue from contracts with students
Revenue from contracts with customers for sales of goods or services in the ordinary course of the Group's activities is recognised in accordance with the following 5-step model:
1. Identify the contracts with customers: A contract is an agreement which creates enforceable rights and obligations and sets out criteria that must be met.
2. Identify performance obligations within the contract: A performance obligation is a promise to deliver a good or a service to a customer that is distinct.
3. Determine the transaction price: The transaction price is the consideration to which the Group expects to be entitled in exchange for delivering the promised goods or services to a customer, excluding amounts collected from third parties.
4. Allocate the transaction price to the performance obligations in a contract, if more than one. For a contract that has more than one performance obligation, the transaction price is allocated to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue as and when the performance obligation(s) is/are satisfied.

Rendering of services
Revenue is recognised over time as those services are provided based on the stage of completion of the projects which is determined based on the input method. The related costs are recognised in profit or loss when they are incurred.

m) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

n) Borrowing costs

Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other borrowing costs as an expense in the period in which it incurs them.

The Group begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:
(a) incurs expenditures for the asset;
(b) incurs borrowing costs; and
(c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

6. Significant accounting policies (continued)

n) Borrowing costs (continued)

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset.

o) Newly standards, amendments and interpretation effective from 1 September 2019

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 September 2019:

- IFRS 16 "Leases"
- Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23 "Uncertainty over Tax Treatments"
- Amendments to IFRS 9 "Financial Instruments" on prepayment features with negative compensation
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" on long-term interests in associates and joint ventures
- Amendments to IAS 19 "Employee Benefits" on plan amendment, curtailment or settlement
- Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle

The Group initially adopted IFRS 16 "Leases" (hereafter "IFRS 16") on 1 September 2019. The other new and amended standards and the interpretation to a standard listed in the table above do not have any or material effect on the Group's consolidated financial statements.

The effects of the adoption of IFRS 16 on the Group's consolidated financial statements are explained below:

IFRS 16

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the consolidated financial statements for both lessors and lessees. IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives", and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. It changed the accounting of leases previously classified as operating leases under IAS 17, which were off balance sheet. Under IAS 17, operating leases were expensed on a straight line basis over the term of the lease, and assets and liabilities were recognised only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under IFRS 16 a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases.

6. Significant accounting policies (continued)

o) Newly standards, amendments and interpretation effective from 1 September 2019 (continued)

IFRS 16 (continued)

Impact on lessee accounting

The Group has chosen to apply the simplified transition approach of IFRS 16 by which comparative amounts are not restated.

On initial application of IFRS 16, for all leases, except for those that the practical expedient was applied (see below), the Group will:

- Recognise right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separate the total amount of cash paid into a principal portion and interest (presented within financing activities) in the cash flow statement.

Under IFRS 16, the Group applied the practical expedient to grandfather the definition of a lease on transition. This means that:

- all contracts entered into before 1 September 2019 that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 September 2019;
- any leases with unexpired lease term on initial application date of less than 12 months or any leases relating to low value items (USD 5,000 or less), then the Group elected to use the short-term lease exemption; and
- the initial direct costs arising from the measurement of right-of-use asset at the date of initial application were excluded.

Based on an analysis of the Group's finance leases as at 31 August 2019 on the basis of the facts and circumstances that existed at that date, management's assessment is that there was the following impact on the Group's consolidated financial statements as at 1 September 2019:

	As reported at 31 August 2019	**Adjustments due to adoption of IFRS 16**	**Adjusted opening balances as at 1 September 2019**
Consolidated statement of financial position:			
Right-of-use assets (1)	-	66,989,490	66,989,490
Lease liabilities (2)	870,268	17,170,450	18,040,718
Capital contribution (1)	254,759,206	15,259,040	270,018,246
Due from related parties	16,281,278	(34,560,000)	(18,278,722)

(1) The Group's right-of-use assets, which comprises of land, school and university premises and staff accommodation, were measured at an amount equal to the lease liabilities. The Group recognised right-of-use asset at market rate against lease obtained at subsidised rate from controlling shareholder and the difference between present value of market rate and actual rate was recognised as capital contribution. There was no adjustment to the retained earnings as at 1 September 2019.

(2) The lease liabilities were measured at the present value of the future lease payments on adoption of IFRS 16. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 September 2019. The incremental borrowing rates used was 6%.

6. Significant accounting policies (continued)

o) Newly standards, amendments and interpretation effective from 1 September 2019 (continued)

During the year, the profit or loss was impacted as follows due to the application of IFRS 16:

	As reported for the year ended 31 August 2019	Adjustments due to adoption of IFRS 16*	As reported for the year ended 31 August 2020
Consolidated statement of profit or loss:			
Rental expense (1)	9,448,503	(8,926,253)	2,301,130
Depreciation (2)		11,390,743	11,390,743
Interest expense (2)		993,630	952,807
		3,458,120	

(1) In the previous year, leases were accounted as operating leases for which the Group only recognised expense on a straight-line basis over the term of the lease, and only recognises assets and liabilities to the extent that there is a timing difference between actual lease payments and the expense recognised.
(2) Under IFRS 16 the Group recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities.

* This includes the impact of leases existing as at 1 September 2019 and lease contracts entered in the year which were accounted under IFRS 16.

The impact of the above changes introduced by IFRS 16 on the current year results was to decrease the profit for the year by QR 3,458,120 and to decrease the retained earnings at the reporting date by the same amount.

The impact of IFRS 16 on the cash flow statements was to separate the total amount of cash paid into a principal portion and interest portion. Under IAS 17, all lease payments on operating leases were presented in the previous year as part of cash flows from operating activities. The impact of these changes under IFRS 16 was to increase the cash generated by operating activities by QR 5,152,738 and to increase cash used in financing activities by the same amount.

6. Significant accounting policies (continued)

p) New standards, amendments and interpretations issued but not yet effective

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 September 2020.

Effective for year beginning 1 September 2020	• Amendments to references to conceptual framework in IFRS standards • Amendments to IFRS 3 "Business Combinations" of definition of business • Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" of definition of material.
Effective for year beginning 1 January 2021	• IFRS 17 "Insurance Contracts"
Effective date deferred indefinitely / available for optional adoption	• Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture

7. Financial risk and capital management

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Management have the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's accounts and other receivables, due from related parties and balance held with the banks.

7. Financial risk and capital management (continued)

a) Financial risk management (continued)

Credit risk (continued)

Accounts and other receivables and due from related parties
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparties. The credit worthiness of each party is evaluated prior to entering into agreement. Appropriate procedures for follow up and recovery are in place to monitor the credit risk.

Bank balances
Balances with banks represent current and call deposit accounts with reputed banks in Qatar.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Interest rate risk
Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates.

b) Capital management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, which the Group defines as a result from operating activities divided by total shareholder's equity. The management also monitors the level of dividends to ordinary shareholders.

The Group manages its capital to ensure that it will be able to continue on a going concern basis while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the loans and borrowings disclosed in note 15, net of cash and bank balances and equity, comprising issued share capital, reserves and retained earnings.

7. Financial risk and capital management (continued)

b) Capital management (continued)

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratios at the year end are as follows:

	2020	2019
Debt (a)	40,169,570	39,013,117
Cash and bank balances (Note 13)	(5,821,026)	(4,892,378)
Net debt	**34,348,544**	34,120,739
Equity (b)	**300,370,477**	280,404,095
Net debt to equity	**11.43%**	12.17%

(a) Debt is defined as long and short term borrowings, as detailed in note 15 and 13.

(b) Equity includes all share capital, reserves and retained earnings of the Group.

8. Property and equipment

	Building	Machinery and equipment	Computer and equipment (1)	Motor vehicles	Furniture and fixtures	Sign boards	Leasehold improvements	Learning resources	Capital work in progress	Total
Cost										
Balance at 1 September 2018	98,565,715	4,991,426	5,075,362	2,716,703	9,013,492	121,625	6,409,758	1,194,289	30,000	128,118,370
Additions	-	67,463	182,642	225,000	518,976	-	1,279,678	1,364,907	403,250	4,041,916
Transfers	-	-	-	-	-	-	30,000	-	(30,000)	-
Balance at 31 August 2019 / 1 September 2019	98,565,715	5,058,889	5,258,004	2,941,703	9,532,468	121,625	7,719,436	2,559,196	403,250	132,160,286
Additions	-	-	286,064	60,000	331,131	-	28,000	472,010	132,500	1,309,705
Transfers	-	-	-	-	-	-	535,750	-	(535,750)	-
Balance at 31 August 2020	**98,565,715**	**5,058,889**	**5,544,068**	**3,001,703**	**9,863,599**	**121,625**	**8,283,186**	**3,031,206**	**-**	**133,469,991**
Accumulated depreciation										
Balance at 1 September 2018	11,175,257	3,271,210	3,239,755	2,336,583	5,634,003	121,624	3,119,589	446,433	-	29,344,454
Depreciation	5,490,500	875,402	847,235	269,380	992,608	-	1,033,638	517,291	-	10,026,054
Balance at 31 August 2019 / 1 September 2019	16,665,757	4,146,612	4,086,990	2,605,963	6,626,611	121,624	4,153,227	963,724	-	39,370,508
Depreciation	5,490,500	559,042	903,718	139,369	1,090,076	-	1,166,198	702,710	-	10,051,613
Balance at 31 August 2020	**22,156,257**	**4,705,654**	**4,990,708**	**2,745,332**	**7,716,687**	**121,624**	**5,319,425**	**1,666,434**	**-**	**49,422,121**
Carrying amounts										
At 31 August 2020	**76,409,458**	**353,235**	**553,360**	**256,371**	**2,146,912**	**1**	**2,963,761**	**1,364,772**	**-**	**84,047,870**
At 31 August 2019	81,899,958	912,277	1,171,014	335,740	2,905,857	1	3,566,209	1,595,472	403,250	92,789,778

(1) Computer and equipment include the following amounts where the Group is the lessee under a finance lease (Note 16):

	2020	2019
Cost – capitalised finance leases	1,754,901	1,754,901
Accumulated depreciation	(1,554,439)	(969,472)
Carrying amount	**200,462**	785,429

9. Right-of-use assets

The right-of-use assets relate to land, school and university premises and staff accommodation, which are expiring from 2 to 25 years from the reporting date. Their cost represents the corresponding amounts of the relevant lease liabilities (Note 16).

	2020
Cost	
Adjustment on initial adoption of IFRS 16 (Note 6 (o))	66,989,490
Additions	1,167,553
Modification	11,990,000
At 31 August	80,147,043
Accumulated depreciation	
Depreciation	11,390,743
At 31 August	11,390,743
Carrying amount	
At 31 August	**68,756,300**

10. Intangible assets and goodwill

This comprises of the following intangibles assets and goodwill acquired in the prior years through business combination:

	2020	2019
Goodwill (i)	96,520,330	96,520,330
Trademark (ii)	17,210,000	17,210,000
Learners enrolment (iii)	18,586,125	20,511,345
Franchise rights (iii)	103,294,958	109,060,258
Balance at 31 August	**235,611,413**	243,301,933

(i) Allocation of goodwill to cash generating units for impairment testing purposes under IAS 36

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	2020	2019
Doha Academy W.L.L.	74,896,979	74,896,979
Al Faleh Group for Educational and Academic Services W.L.L.	21,623,351	21,623,351
Balance at 31 August	**96,520,330**	96,520,330

Doha Academy W.L.L.
The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Group's management covering a five-year discrete period, and a discount rate of 11.74% (2019: 14.9%). Management have forecast average EBITDA margin to be in line with observed recent historical trend.

Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period using a terminal growth rate of 2%.

10. Intangible assets and goodwill (continued)

(i) Allocation of goodwill to cash generating units for impairment testing purposes under IAS 36 (continued)

Doha Academy W.L.L. (continued)
The budgeted growth rate is assumed to be CAGR of 5.9% and 11.8% for two schools operating under the name of Doha Academy W.L.L., over the forecast period. The growth rate is considered appropriate by management considering the nature of the industry and the general growth in the economic activity witnessed in the country where the entity operate.

Any change in key assumptions on which the recoverable amount is based may cause the aggregate carrying amount of goodwill to exceed the aggregate recoverable amount of the cash-generating unit.

Al Faleh Group for Educational and Academic Services W.L.L.
The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Group's management covering an five-year discrete period, and a discount rate of 12.32% (2019: 16%). Management have forecast average EBITDA margin to be in line with observed recent historical trend.

Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period using a terminal growth rate of 2%.

The budgeted growth rate is assumed to be CAGR of 46.1% over the forecast period. The growth rate is considered appropriate by management considering the nature of the industry and the general growth in the economic activity witnessed in the country where the entity operate.

Any change in key assumptions on which the recoverable amount is based may cause the aggregate carrying amount of goodwill to exceed the aggregate recoverable amount of the cash-generating unit.

(ii) Allocation of trademark to cash generating unit for impairment

Trademark, amounting to QR 17,210,000 is attributable to Doha Academy W.L.L., a CGU acquired during the year through business combination.

Trademark was valued using the Relief from Royalty Method (RRM), which assumes that the intangible asset has a fair value based on royalty income attributable to it. Royalty income would represent the cost savings by Group where it is not required to pay royalties to a third party for the license to use the intangible asset. The recoverable amount of this asset is determined based on a value in use calculation which uses royalty projections based on financial budgets approved by the management covering a five-year period and terminal value based on Gordon Growth Model and discounted to present value. Any change in key assumptions on which the recoverable amount is based may cause the aggregate carrying amount of trademark to exceed the aggregate recoverable amount of the asset. The key assumptions used in value in use for the trademark are as follows:

(a) Royalty rate – Management applied a post-tax royalty rate of 2.5%.

(b) Budgeted growth rate - The budgeted growth rate is assumed to be CAGR of 5.9% and 11.8% for two schools operating under the name of Doha Academy, over the forecast period. The growth rate is considered appropriate by management considering the nature of the industry and the general growth in the economic activity witnessed in the country where this entity operate.

10. Intangible assets and goodwill (continued)

(ii) Allocation of trademark to cash generating unit for impairment (continued)

(c) Terminal value has been derived by reference to the Gordon Growth Model assuming a steady level of operations beyond the discrete period. Terminal period cash flows are assumed to grow at a perpetual growth rate of 2%.

(d) Discount rate of 11.74% (2019: 14.90%) per annum based on WACC, inclusive of 0.5% premium to cover the inherent risk.

(iii) Amortisation of intangible assets with finite useful life

	Learner enrolments	Franchise rights	Total
Cost			
Balance at 1 September 2018 / 31 August 2019 / 1 September 2019 / 31 August 2020	22,597,000	115,306,000	137,903,000
Accumulated amortisation			
Balance at 1 September 2018	160,435	480,442	640,877
Amortisation	1,925,220	5,765,300	7,690,520
Balance at 31 August 2019 / 1 September 2019	2,085,655	6,245,742	8,331,397
Amortisation	1,925,220	5,765,300	7,690,520
Balance at 31 August 2020	**4,010,875**	**12,011,042**	**16,021,917**
Carrying amounts			
At 31 August 2020	**18,586,125**	**103,294,958**	**121,881,083**
At 31 August 2019	20,511,345	109,060,258	129,571,603

11. Accounts and other receivables

	2020	2019
Accounts and note receivables	2,636,570	1,878,184
Less: Allowance for impairment of accounts receivables (i)	(748,605)	(334,480)
	1,887,965	1,543,704
Prepayments and advances	689,508	477,620
Refundable deposits	476,531	581,131
Staff advances	9,423	29,700
Other receivables	597,941	148,598
	3,661,368	2,780,753

(i) The movement in allowance for impairment of accounts receivables is presented as below:

	2020	2019
Balance at the beginning of the year	-	-
Add: Adjustment on initial application of IFRS 9	-	80,000
Balance at the beginning of the year (adjusted)	334,480	80,000
Provision made	528,842	254,480
Written off	(114,717)	-
Balance at 31 August	**748,605**	334,480

12. Related party transactions

a) Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, shareholders and key management personnel of the Group.

Nature of transaction	**2020**	2019
Funds given / (received)	**3,545,127**	16,021,278
Repayment of lease liabilities	**60,000**	-
Rent expense	**-**	60,000

b) Due from related parties

	2020	2019
Sheikha Aisha Bint Faleh Nasser Bin Ahmed Al-Thani	-	15,904,502
Sheikh Jassim Bin Nawaf Nasser Bin Khalid Al-Thani	-	29,463
Sheikh Faleh Bin Nawaf Nasser Bin Khalid Al-Thani	-	29,463
Sheikh Nasser Bin Nawaf Nasser Bin Khalid Al-Thani	-	29,463
Sheikha Maryam Bint Nawaf Nasser Bin Khalid Al-Thani	-	14,731
Sheikha Anwar Bint Nawaf Nasser Bin Ahmad Al-Thani	-	14,731
Sheikh Khalid Nawaf Bin Nasser Bin Khalid Al-Thani	-	29,462
Sheikh Mohamad Nawaf Bin Nasser Khalid Al-Thani	-	29,463
Four Star Services W.L.L.	-	200,000
	-	16,281,278

c) Due to a related party

	2020	2019
Sheikha Aisha Bint Faleh Nasser Bin Ahmed Al-Thani	3,545,127	-
	3,545,127	**-**

13. Cash and cash equivalents

	2020	2019
Cash in hand	70,356	93,472
Cash at bank – Guarantee deposits	653,000	653,000
Cash at bank – Current accounts (1)	5,096,925	4,145,161
Cash at bank – Call deposits	745	745
Cash and bank balances in the consolidated statement of financial position	**5,821,026**	4,892,378
Less: Bank overdraft (2)	(3,611,419)	(5,001,681)
Less: Cash at bank – Guarantee deposits	(653,000)	(653,000)
Cash and cash equivalents in the consolidated statement of cash flows	**1,556,607**	(762,303)

(1) Cash held in bank current account earns no interest.
(2) During the year, the Company paid interest on bank overdraft amounting to QR 315,129 (2019: 268,687)

14. Share capital

	2020	2019
Authorised, issued and fully paid-up shares		
10,000 shares of nominal value QR 1,000 each	**10,000,000**	10,000,000

15. Loans and borrowings

	2020	2019
Term loan (i)	583,781	-
Murabaha term loan (ii)	6,143,991	-
Murabaha term loan (iii) *	8,743,994	9,717,091
Term loan (iv) *	3,456,876	3,998,000
Vehicle loans (v)	86,806	159,820
Term loan (vi) *	8,394,680	8,725,310
Term loan – Ijara (vii) *	8,488,048	10,374,281
Murabaha term loan (viii)	617,868	970,934
Vehicle loan	42,107	66,000
	36,558,151	34,011,436

Loans and borrowings presented in the consolidated statement of financial position as follows:

	2020	2019
Current portion	8,858,603	8,795,984
Non-current portion	27,699,548	25,215,452
	36,558,151	34,011,436

The movements of loans and borrowings were as follows:

	2020	2019
Balance at the beginning of the year	34,011,436	30,427,660
Proceeds from borrowings	6,727,772	10,142,000
Interest expense	1,563,032	1,596,359
Interest paid	(832,586)	(1,596,359)
Repayment of principle	(4,911,503)	(6,558,224)
At 31 August	**36,558,151**	34,011,436

(i) During the year, AFG College with the University of Aberdeen W.L.L. obtained term loan from a local bank for working capital management during the COVID 19 period for payment of salary and other expenses. The repayment of this loan will start from 1 August 2021.

(ii) During the year, Doha Academy W.L.L. obtained a term loan from a local bank for working capital management which carries interest at 4.50% per annum. The loan is repayable in 24 equal instalments and the last instalment payment date is 5 May 2023. This loan is secured by the person guarantee of the Chairperson.

(iii) In 2019, Doha Academy W.L.L. obtained a term loan from a local bank for working capital management which carries interest at 6.50% per annum. The loan is repayable in 60 equal instalments and the last instalment payment date is 23 December 2024. This loan is secured by the person guarantee of the Chairperson.

15. Loans and borrowings (continued)

(iv) In 2018, Doha Academy W.L.L., a subsidiary obtained a term loan from a local bank for working capital management which carries interest at 6.25% per annum. The loan is repayable in 60 equal instalments and the last instalment payment date is 15 February 2024. This loan is secured by the personal guarantee of the Chairperson.

(v) In 2018, AFG College with the University of Aberdeen W.L.L., a subsidiary, obtained vehicle loans from the suppliers of vehicles. This is repayable in 48 equal instalments with fixed interest rate of 6% to 8% per annum. The loan is secured with mortgage of the vehicle.

(vi) In 2017, Doha Academy W.L.L., a subsidiary obtained a term loan from a local bank for working capital management which carries interest at 6.00% per annum. The loan is repayable in 66 equal instalments and the last instalment payment date is 29 February 2024. This loan is secured by the personal guarantee of the Chairperson.

(vii) In 2015, Doha Academy W.L.L., a subsidiary obtained a loan from a local bank to finance the construction of the building which carries interest at 4% per annum. This loan is secured by the personal guarantee of the chairperson. The loan is repayable in 24 equal instalments and the last instalment payment date is 29 November 2022. This loan is secured by the personal guarantee of the Chairperson.

(viii) In 2015, Doha Academy W.L.L., a subsidiary obtained a murabaha loan from a local bank to finance the development of the school which carries profit at 4.5% per annum and last instalment payment date is 23 December 2021. This loan is secured by the personal guarantee of the Chairperson.

* These loans were originally obtained at a different terms and conditions and were rescheduled during the year with new terms and conditions as disclosed above.

16. Lease liabilities

The movements of finance lease liabilities were as follows:

	2020	2019
Lease liabilities (2019: finance lease liabilities)	870,268	1,467,045
Lease liabilities recognised on transition to IFRS 16 at the beginning of the year (Note 6 (o)) (1)	17,170,450	-
Balance at 1 September 2019 (adjusted)	18,040,718	1,467,045
Additions	1,167,553	-
Interest expense	993,630	71,882
Interest paid	(993,630)	(71,882)
Repayment of principle	(5,152,738)	(596,777)
At 31 August	**14,055,533**	870,268

The Group had the following lease agreements as at the reporting date:

(1) The Group entered into lease contracts with the various landlords including ultimate controlling party and Ministry of Municipality for lease of properties. These lease liabilities are repayable by rental obligations which varies based on the terms of contracts with the landlord (2 to 25 years), bears an implicit interest rate of 6% per annum, and is effectively secured as the rights to the leased asset revert to the lessor in the event of default. This lease contract was accounted before 1 September 2019 as operating leases and was recognised as finance leases upon the adoption of IFRS 16 on 1 September 2019.

16. Lease liabilities (continued)

The lease liabilities are presented in the consolidated statement of financial position as follows:

	2020	2019
Non-current	9,676,404	283,975
Current	4,379,129	586,293
	14,055,533	870,268

The maturity analysis of the contractual undiscounted cash flows of lease liabilities is as follows:

	2020	2019
No later than 1 year	5,028,328	917,560
Later than 1 year and no later than 5 years	13,462,410	549,485
More than 5 years	963,525	-
Total undiscounted lease liabilities at 31 August	19,454,263	1,467,045
Future finance charges of finance leases	(5,398,730)	(596,777)
Lease liabilities included in the consolidated statement of financial position at 31 August	**14,055,533**	870,268

The total lease expense, including leases that are not included in the above lease liabilities because they relate to short-term leases is analysed as follows:

	2020
Interest expense (included within finance liabilities)	952,807
Expense related to short-term leases included within “General administrative expenses”)	2,301,130
	3,253,937

Lease liabilities are effectively secured as the rights to the leased assets recognised in the consolidated financial statements revert to the lessor in the event of default.

17. Employees’ end of service benefits

	2020	2019
Balance at the beginning of the year	1,918,577	2,174,433
Provision made	1,386,028	322,282
Benefits paid	(563,074)	(578,138)
Balance at 31 August	**2,741,531**	1,918,577

18. Trade and other payables

	2020	2019
Trade and notes payable (i)	4,112,750	4,862,710
Accrued expenses	4,492,287	826,247
Advances from customers	27,290,629	31,681,158
Staff provisions	721,333	221,328
Staff payables	242,006	-
Other payables	964,408	248,620
	37,823,413	37,840,063

18. Trade and other payables (continued)

(i) This includes payables to related parties as follows:

	2020	2019
Qatar Automobiles Company W.L.L.	146,419	91,762
Nasser Bin Khaled Real Estate	197,724	-
Nasser Bin Khalid Travel and Tourism W.L.L.	71,710	528,360
Doha Tec	10,000	
NBK Fashion W.L.L.	4,750	-
	430,603	620,122

19. Fees

	2020	2019
Tuition	108,583,145	97,145,128
Registration	1,132,500	1,531,100
Application	125,200	224,400
Entrance exam	274,500	371,000
International exam	1,446,095	1,908,000
Books	6,200,565	7,112,585
Transport	560,469	831,426
Others	237,075	297,454
	118,559,549	109,421,093

20. General and administrative expenses

	2020	2019
Staff costs (1)	46,026,799	45,105,077
Rent	2,301,130	9,448,503
Royalty	16,844,154	7,585,900
Cleaning and facility management	3,579,508	4,051,416
Advertisements	541,901	1,221,228
Communication	728,552	940,617
Travelling	581,660	924,681
Repairs and maintenance	1,485,288	921,311
Legal and professional fees	877,843	825,590
Bank charges	639,994	613,712
Printing and stationery	504,539	486,649
Examination	266,328	365,533
Insurance	190,468	221,785
Bad debt written off	-	152,481
Others	2,666,418	1,837,690
	77,234,582	74,702,173

(1) Staff costs include provision for employees' end of service benefits amounting to QR 1,386,028 (2019: QR 322,282) (Note 17).

21. Financial instruments and risk management

Credit risk

The maximum exposure to credit risk at the reporting date was:

	2020	2019
Accounts and notes receivables	2,636,570	1,878,184
Other receivables	1,083,895	759,429
Due from related parties	-	16,281,278
Bank balances	5,750,670	4,798,906
	9,471,135	23,717,797

Allowance for impairment on financial assets recognised in profit or loss were as follows:

	2020	2019
Allowance for impairment of accounts and other receivables*	**528,842**	254,480

*Refer Note 11 for the movement in allowance for impairment of accounts and other receivables.

The Group uses cash shortfall method to measure the ECL of financial assets. This approach incorporates the expectations of cash shortfalls as well as the expected time period in which the financial assets will be collected.

Due from related parties

Management believes that there is no credit risk from due from related parties because the related parties are the Group's ultimate shareholder who are financially healthy.

Cash and cash equivalents

The Group held bank balances of QR 5,750,670 at 31 August 2020 (31 August 2019: QR 4,798,906). The cash and cash equivalents are held with bank and financial institution counterparties, which are fairly rated.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group did not identify any significant impairment allowance as at 31 August 2020.

Liquidity risk

The following are the contractual maturities of financial liabilities, excluding the impact of netting agreement. The Group's expected cash flows on these instruments do not vary significantly from this analysis.

31 August 2020	**Carrying amounts**	**Contractual cash flows**	**Less than 1 year**	**More than 1 year**
Non-derivative financial liabilities				
Trade and other payables excluding advances	10,532,784	(10,532,784)	(10,532,784)	-
Due to a related party	3,545,127	(3,545,127)	(3,545,127)	-
Lease liabilities	14,055,533	(19,454,263)	(5,028,328)	(14,425,935)
Loans and borrowings	36,558,151	(40,404,503)	(10,613,856)	(29,790,647)
Bank overdraft	3,611,419	(3,611,419)	(3,611,419)	-
	68,303,014	**(77,548,096)**	**(33,331,514)**	**(44,216,582)**

21. Financial instruments and risk management (continued)

Liquidity risk (continued)

31 August 2019	Carrying amounts	Contractual cash flows	Less than 1 year	More than 1 year
Non-derivative financial liabilities				
Trade and other payables excluding advances	6,158,905	(6,158,905)	(6,158,905)	-
Loans and borrowings	34,011,436	(41,485,137)	(10,602,732)	(30,882,405)
Lease liabilities (2019: finance lease liabilities)	870,268	(1,467,045)	(917,560)	(549,485)
Bank overdraft	5,001,681	(5,001,681)	(5,001,681)	-
	46,042,290	(54,112,768)	(22,680,878)	(31,431,890)

Market risk

Interest rate risk
At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2020	2019
Fixed rate instruments		
Loans and borrowings	**24,706,594**	21,288,126
Average interest rate (p.a.)	**4% to 8%**	4% to 8%
Variable rate instruments		
Loans and borrowings	11,851,557	12,723,310
Bank overdraft	3,611,419	5,001,681
	15,462,976	17,724,991
Average interest rate (p.a.)	**5.75% to 6.7%**	5.75% to 6.7%

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) owners' equity and profit or loss by QR 154,630 (2019: QR 177,250).

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the Group's financial instruments is not materially different from their carrying values.

22. Contingent liabilities

	2020	2019
Payment guarantee	**633,000**	633,000

23. Significant estimates and judgments

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

23. Significant estimates and judgments (continued)

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses of financial assets
The Group uses a provision matrix to calculate ECLs for its financial assets. The provision rates for accounts receivable are based on days past due for the group of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Useful lives, residual values and related depreciation charges of property and equipment
The Group's management determines the estimated useful lives of its property and equipment to calculate depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually. Future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Useful lives of intangible assets
The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected usage of the asset, technical or commercial obsolescence.

Provision and contingent liabilities
The Group's management determines provision on best estimate of the expenditure required to settle the present obligation as a result of the past event at the reporting date.

The Group's management measures contingent liabilities as a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

Lease liabilities
Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgement. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto renewal or there are renewal options that are unclear if they will be exercised at the option date. The extend of the lease term significantly influences the value of the lease liability and the related right-of-use asset and arriving at a conclusion sometimes requires significant judgement calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the lease liability and the fair value of the underlying asset.

24. Comparative figures

The comparative information for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassification does not affect the reported net profit, net assets or equity of the previous year.

25. COVID 19 pandemic impact on the business

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and did not have significant impact on the Group's consolidated financial position after the outbreak.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. These contingency measures include increasing options for logistics movements, online education for students, cost cutting measures like reduction of staff costs etc. The Group will keep its contingency measures under review as the situation evolves.

As far as the Group's businesses are concerned, the outbreak did not have any significant impact in the current year.