شركة عطاء التعليمية
ATAA EDUCATIONAL COMPANY

ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 July 2024
AND THE INDEPENDENT AUDITOR'S REPORT

ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT
For the year ended 31 July 2024

RSM Allied Accountants Professional Services Co.
Riyadh - Olaya District - Al Oruba Street
1st Floor, Building No. 3193
P.O. Box 8335, Riyadh - 12333
Tel.: +966 11 416 9361
Fax: +966 11 416 9349
Kingdom of Saudi Arabia
www.rsmsaudi.com
C.R 4030228773

شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية
الريـاض – حي العليا - طريق العروبة
مبنى رقم ٣١٩٣ ، الطابق الأول
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣
هـاتف: ٩٣٦١ ٤١٦ ١١ ٩٦٦+
فاكس: ٩٣٤٩ ٤١٦ ١١ ٩٦٦+
المملكة العربية السعودية
www.rsmsaudi.com
س.ت ٤٠٣٠٢٢٨٧٧٣

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
ATAA EDUCATIONAL COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH – SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of **Ataa Educational Company** ("the Company") and its subsidiaries together ("the Group"), which comprise the consolidated statement of financial position as at 31 July 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated ,statement of cash flows for the year then ended and notes to the consolidated financial statements . including material accounting policy 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 July 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional .Accountants ("SOCPA")

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Key audit matters	**How our audit addressed the key audit matter**
1- Revenue Recognition	
The Group's revenues for the year ended 31 July 2024 amounted to SAR 666.4 million and government subsidies income amounted to approximately SAR 12.1 million. Revenues are one of the key indicators for measuring performance and this results in inherent risks in the revenue recognition process. Revenues recognized from educational services, training and employment services and bus subscriptions on net basis after any deductions or discounts and government subsidies income. As explained in Notes (22) and (32). Given the materiality of the recorded revenue value as well as the inherent risks in the revenue recognition process, revenue recognition was considered a key audit matter. Refer to material accounting policy information in Note (3-24) for revenue recognition policy, and Notes (22) and (32) for more detail of revenue.	We have performed the following :procedures • Assessing of the appropriateness of the Group's revenue recognition policy based on IFRS 15 "Revenue from contracts with customers". • Evaluation of the design and implementation of the internal control systems related to management procedures over revenue recognition, discounts and government grants. • Testing on a sample basis the revenue transactions, recorded government grants and discounts grants to students and comparing them with the supporting documents to verify the recorded revenue. • Perform substantive analytical procedure on tuition fees revenues based on the number of students and approved fee for the educational process to assess the reasonableness of the revenue amount. • Inquires with management representatives and those charged with governance regarding their awareness of fraud risks and whether there were actual instances of fraud. • We assessed the adequacy of disclosures used in the consolidated financial statements.
2- Goodwill impairment assessment	
The consolidated financial statements include goodwill amounting to Saudi Riyals 535.5 million as at 31 July 2024, which represents the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquire, over the net identifiable assets transferred to the Group. Goodwill is tested annually for possible impairment. The management performed a goodwill assessment by comparing the carrying amount of each cash generating unit ("CGUs") including goodwill, against its recoverable amount based on value-in-use. Value-in-use calculations, using discounted cash flow model through the use of cash flow projections based on financial budgets approved by management covering a period of five years.	We have performed the following procedures: We have obtained all impairment tests provided by management and performed following tests: • We analyzed the identification of the different CGU and assessed whether these were in line with our understanding of the business and consistent with the internal reporting system in the entity. Furthermore, we assessed the reasonableness of allocation of the goodwill to each identified CGU. • Evaluation of the design and implementation of the internal control relating to goodwill impairment assessment.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Key audit matters	**How our audit addressed the key audit matter**
2- Goodwill impairment assessment (Continued)	
Based on management's assessment of impairment, there is no impairment of goodwill. The Group's value in use calculation used in the goodwill impairment assessment for CGUs includes significant judgments, assumptions and estimates from management regarding cash flow projections, long-term growth rates and discount rates, and is highly sensitive to changes in these assumptions, and, thus was considered as a key audit matter. Please refer to the material accounting policy information No. (3-5) and (3-7) for the policy of goodwill and goodwill impairment and note No. (8) that includes disclosures related to goodwill and impairment assessment of goodwill.	• We involved our experts to assess the reasonableness of the value in use calculations and the key assumptions, including cash flow projections, discount rates used and ensures that management follows a reliable mechanism for estimating cash flows. • We tested the input data used in the value in use calculation on a sample basis and reviewed the mathematical accuracy of the calculation, we also compared key assumptions with previous actual results. • We assessed the adequacy of disclosures used in the consolidated financial statements.

Other matter

The consolidated financial statements of the Group for the year ended 31 July 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 18 Rabie Althanie 1445H (corresponding to 2 November 2023)

Other Information

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for .the other information in its annual report

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that .fact. We have nothing to report in this regard

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are .endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on .the basis of these consolidated financial statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

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

RSM Allied Accountants Professional Services

Mohamed Bin Farhan Bin Nader
License No 435
Riyadh, Saudi Arabia
30 Safar 1446H (Corresponding to 3 September 2024)

ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSISTION
As of 31 July 2024
(All amounts in SAR unless otherwise stated)

	Note	31 July 2024	31 July 2023 (Restated)	1 August 2022 (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	889,427,066	835,533,585	804,742,006
Right-of-use assets	6	454,688,761	483,702,977	497,472,930
Intangible assets	7	25,484,394	26,608,055	29,630,872
Goodwill	8	535,544,389	535,544,389	535,544,389
Total Non-Current Assets		1,905,144,610	1,881,389,006	1,867,390,197
Current Assets				
Inventory		6,530,797	6,406,743	4,002,557
Prepaid expenses and other current assets	10	45,743,650	46,973,089	34,337,592
Due from related party	11-2	1,197,314	2,245,889	336,110
Accounts receivable	9	94,645,094	106,941,635	116,215,585
Cash and cash equivalents	12	85,599,869	39,493,187	48,961,017
Total Current Assets		233,716,724	202,060,543	203,852,861
Non-current assets held for sale	5	36,477,040	-	-
TOTAL ASSETS		2,175,338,374	2,083,449,549	2,071,243,058
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	420,872,150	420,872,150	420,872,150
Share premium	13-1	276,786,861	276,786,861	276,786,861
Statutory reserve	14	51,060,154	44,723,063	37,944,461
Actuarial reserve		(14,698,082)	(12,175,112)	(9,919,614)
Retained earnings		67,300,247	56,562,366	95,840,749
Equity Attributable to Shareholders of the Company		801,321,330	786,769,328	821,524,607
Non-Controlling Interest		63,774,390	60,045,665	60,688,877
TOTAL EQUITY		865,095,720	846,814,993	882,213,484
LIABILITIES				
Non-Current Liabilities				
Borrowings	16	346,255,441	322,847,821	367,920,761
Lease liabilities	6	476,994,160	506,703,566	503,346,927
Deferred government subsidy income	17	428,174	704,599	1,043,614
Employee end-of-service benefits	18	62,044,852	59,526,191	60,261,770
Total Non-Current Liabilities		885,722,627	889,782,177	932,573,072
Current Liabilities				
Borrowings	16	274,178,281	174,276,298	122,867,861
Lease liabilities	6	54,151,703	42,220,891	54,799,655
Deferred government subsidy income	17	276,423	339,014	399,199
Unearned revenue	19	59,554,102	36,084,127	26,958,505
Accrued expenses and other current liabilities	20	18,424,771	72,480,431	30,024,394
Due to related parties	11-3	4,378,686	786,479	3,401,214
Trade payables		10,144,137	16,306,260	13,251,206
Zakat provision	21-2	3,411,924	4,358,879	4,754,468
Total Current Liabilities		424,520,027	346,852,379	256,456,502
TOTAL LIABILITIES		1,310,242,654	1,236,634,556	1,189,029,574
TOTAL EQUITY AND LIABILITIES		2,175,338,374	2,083,449,549	2,071,243,058

Chief Financial Officer	Chief Executive Officer	Chairman
Adel Nader Desouki	Fahd Bin Abdulaziz Al-Tuwaijri	Tariq Bin Othman Al-Qasabi

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements

ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFT OR LOSS
For the year ended 31 July 2024
(All amounts in SAR unless otherwise stated)

	Note	31 July 2024	31 July 2023
Revenue	22/32	666,479,479	666,041,507
Government subsidy income	23	12,162,915	14,315,295
Cost of revenue	24	(482,233,915)	(485,117,835)
Gross profit		196,408,479	195,238,967
Marketing expenses	25	(7,632,517)	(8,452,728)
General and administrative expenses	26	(57,130,709)	(74,370,746)
Expected credit loss expense	9/10/11	(12,903,488)	(5,665,247)
Operating income		118,741,765	106,750,246
Other income	27	12,818,550	21,315,152
Finance costs	28	(63,041,143)	(55,867,694)
Net income for the year before zakat		68,519,172	72,197,704
Zakat	21	(1,779,563)	(2,791,088)
Net income for the year		66,739,609	69,406,616
Net income for the year attributable to:			
Shareholders of the Company		63,370,908	67,786,016
Non-Controlling Interest		3,368,701	1,620,600
		66,739,609	69,406,616
Basic and diluted earnings per share:			
Basic and diluted earnings per share as per net income for the year attributable to Shareholders of the Company	29	1.51	1.61

Chief Financial Officer	Chief Executive Officer	Chairman
Adel Nader Desouki	Fahd bin Abdulaziz Al-Tuwaijri	Tariq bin Othman Al-Qasabi

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ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2024
(All amounts in SAR unless otherwise stated)

	Note	31 July 2024	31 July 2023
Net income for the year		**66,739,609**	69,406,616
Items that will not be reclassified subsequently to statement of profit or loss:			
Actuarial losses on re-measurement of employee end-of-service benefits	**18**	**(2,542,508)**	(2,191,892)
Total comprehensive income for the year		**64,197,101**	67,214,724
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**60,847,938**	65,530,518
Non-Controlling Interest		**3,349,163**	1,684,206
		64,197,101	67,214,724

Chief Financial Officer	Chief Executive Officer	Chairman
Adel Nader Desouki	Fahd Bin Abdulaziz Al-Tuwaijri	Tariq Bin Othman Al-Qasabi

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ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 July 2024
(All amounts in SAR unless otherwise stated)

	Share Capital	Share Premium	Statutory Reserve	Actuarial Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance as of 1 August 2022 (as previously presented)	420,872,150	276,786,861	41,756,561	(9,919,614)	130,149,649	859,645,607	78,916,954	938,562,561
Restatement (Note 34)	-	-	(3,812,100)	-	(34,308,900)	(38,121,000)	(18,228,077)	(56,349,077)
Balance as of 1 August 2022 (restated)	420,872,150	276,786,861	37,944,461	(9,919,614)	95,840,749	821,524,607	60,688,877	882,213,484
Net income for the year	-	-	-	-	67,786,016	67,786,016	1,620,600	69,406,616
Other comprehensive (loss) / income	-	-	-	(2,255,498)	-	(2,255,498)	63,606	(2,191,892)
Total comprehensive income	-	-	-	(2,255,498)	67,786,016	65,530,518	1,684,206	67,214,724
Acquisition of non-controlling interest of subsidiaries	-	-	-	-	(58,198,582)	(58,198,582)	(2,327,418)	(60,526,000)
Dividends (Note 15)	-	-	-	-	(42,087,215)	(42,087,215)	-	(42,087,215)
Transferred to statutory reserve	-	-	6,778,602	-	(6,778,602)	-	-	-
Balance as of 31 July 2023	420,872,150	276,786,861	44,723,063	(12,175,112)	56,562,366	786,769,328	60,045,665	846,814,993
Net income for the year	-	-	-	-	63,370,908	63,370,908	3,368,701	66,739,609
Other comprehensive loss	-	-	-	(2,522,970)	-	(2,522,970)	(19,538)	(2,542,508)
Total comprehensive income	-	-	-	(2,522,970)	63,370,908	60,847,938	3,349,163	64,197,101
Transferred to statutory reserve	-	-	6,337,091	-	(6,337,091)	-	-	-
Dividends (Note 15)	-	-	-	-	(46,295,936)	(46,295,936)	-	(46,295,936)
Other adjustment	-	-	-	-	-	-	379,562	379,562
Balance as of 31 July 2023	420,872,150	276,786,861	51,060,154	(14,698,082)	67,300,247	801,321,330	63,774,390	865,095,720

Chief Financial Officer	Chief Executive Officer	Chairman
Adel Nader Desouki	Fahd Bin Abdulaziz Al-Tuwaijri	Tariq Bin Othman Al-Qasabi

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements

ATAA EDUCATIONAL COMPANY
(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 July 2024
(All amounts in SAR unless otherwise stated)

	Note	31 July 2024	31 July 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before Zakat		68,519,172	72,197,704
Adjustments for:			
Depreciation of property, plant and equipment	5	29,627,565	28,266,110
Capital losses		558,391	860,666
Amortization of intangible assets	7	2,916,257	3,022,817
Depreciation of right-of-use assets	6	49,988,139	53,883,470
Reversal of a provision no longer required	27	(34,932)	-
Modification losses on lease liabilities	24	-	357,804
Gains on derecognition of lease liabilities	27	238,993	(2,204,880)
Provision for expected credit loss	9/10/11	12,903,488	5,665,247
Finance costs	28	63,041,143	55,867,694
Current service cost of employee end-of-service benefits	18	8,729,642	7,364,810
		236,487,858	225,281,442
Changes in operating assets and liabilities:			
Inventory		(124,054)	(2,404,186)
Prepaid expenses and other current assets		1,229,439	(13,961,500)
Due from related party		(1,279,510)	(1,909,779)
Accounts receivable		1,721,138	4,934,706
Unearned revenue		23,469,975	9,125,622
Accrued expenses and other current liabilities		(54,055,660)	42,456,037
Due to related parties		3,592,207	(2,614,735)
Trade payables		(6,162,123)	3,055,054
Cash generated from operating activities		204,879,270	263,962,661
End-of-service benefits paid	18	(11,180,596)	(12,465,490)
Zakat paid	21	(2,691,586)	(3,186,677)
Net cash generated from operating activities		191,007,088	248,310,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of property, plant, equipmentand and projects under construction	5	(120,569,739)	(61,953,229)
Proceeds from disposal of property, plant and equipment		13,262	2,034,874
Payments for the acquisition of non-controlling interest of subsidiaries		-	(60,526,000)
Additions of intangible assets	7	(1,792,596)	-
Net cash used in investing activities		(122,349,073)	(120,444,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings Received	16	771,370,509	393,698,750
Borrowings paid		(644,480,345)	(407,878,055)
Finance costs paid		(37,646,878)	(8,065,263)
Dividends Paid	15	(46,295,936)	(42,087,215)
Deferred government subsidy income	17	(339,016)	(399,200)
Other adjustment on non-controlling interest		379,562	
Lease liabilities paid	6	(65,539,229)	(72,602,986)
Net cash (used in) / generated from financing activities		(22,551,333)	(137,333,969)
Net Change in cash and cash equivalents		46,106,682	(9,467,830)
Cash and cash equivalents at beginning of the year		39,493,187	48,961,017
Cash and cash equivalents at end of the year	12	85,599,869	39,493,187
Non-Cash Transactions	33		

Chief Financial Officer	**Chief Executive Officer**	**Chairman**
Adel Nader Desouki	Fahd Bin Abdulaziz Al-Tuwaijri	Tariq Bin Othman Al-Qasabi

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements

(All amounts in saudi riyals unless otherwise stated)

1. LEGAL STATUS AND ACTIVITIES

Ataa Educational Company (the "Company") is a Saudi Joint Stock Company, incorporated under the Regulations for Companies in the Kingdom of Saudi Arabia and was registered in Riyadh under Commercial Registration No. 1010186435 dated 10 Rabi' I 1424 AH corresponding to 11 May 2003, as Saudi Joint Stock Company under the Ministerial Resolution No. (71/s) on 10 Rabi' I 1431 AH corresponding to 24 February 2010.

On 29 Thul-Qi'dah 1440 AH corresponding to 31 July 2019, the Company's shares were listed and started trading on Saudi Stock Exchange (Tadawul) under the code (4292). Trading of the Company's shares in Saudi Stock Exchange commenced on 31 July 2019G after obtaining the approval of the Capital Market Authority in Kingdom of Saudi Arabia.

The Company is principally engaged in the establishment of private and international schools, kindergarten, primary, intermediate and secondary schools for boys and girls (general and memorization), colleges and universities in Kingdom of Saudi Arabia and abroad, establishing, managing and maintaining training centers purchasing existing schools and educational and training facilities, and developing and managing them owning, managing and operating educational and training institutes, owning and managing vocational training centers, and establishing, owning and managing private educational schools. The Company operates in accordance with the applicable regulations and after obtaining the necessary licenses from the relevant authorities.

The Company's head office is located as follows:
P.O. Box 87527
Riyadh 11652
Kingdom of Saudi Arabia

The Company's financial year commences on 1 August and ends on 31 July of each year in accordance with the Company's by-laws.

The attached consolidated financial statements include the accounts of the Company, its branches and subsidiaries as follows:

(A) Ataa Educational Company's branches

Branch Name	CR No.
Al-Rowad Schools - Izdihar District	1010362199
Al-Rowad Schools - Al Rawabi District	1010275978
Al-Rowad Schools - Al Mansoura District	1010397500
Al-Rowad Schools - Al-Andalus District	1010203258
Al-Rowad Schools - Ishbiliyah District	1010469726
Middle East International School - Ishbiliyah District	1010450854
Al Fikr Private School - Al-Rahmaniyah District	1010192540
Middle East International School - Sulaymaniyah District	1010903137
Middle East International School - Mourouj District	1010192541
New Middle East International School - Sulaymaniyah District	1010250798
Modern Middle East International School - Rawda District	1010352008
Al Sulaymaniyah International Private School - Sulaymaniyah District	1010196919
Ataa Educational Company for Maintenance and Operation - Al-Azdihar district	1010452144

(All amounts in saudi riyals unless otherwise stated)

1. LEGAL STATUS AND ACTIVITIES (CONTINUED)

(B) The subsidiaries
The subsidiaries of the Group that are owned directly or indirectly ("referred to as" the Group "):

Subsidiary	Country of Incorporation	Legal Form	Effective Ownership Perecentage (Direct / Indirect) 31 July 2024	31 July 2023
Al Nokhbah Educational Company (1)	KSA	LLC	**100%**	100%
Al Oruba International Company for Education Services (2)	KSA	LLC	**100%**	100%
Al-Rowad Company for Supporting Services (3)	KSA	LLC	**100%**	100%
Elm International Schools Company (4)	KSA	LLC	**100%**	100%
Wasat National Training and Education Company (5)	KSA	LLC	**52%**	52%
Arabian Education and Training Group Holding Company (6)	KSA	CJSC	**100%**	100%
Creative Development Company (A branch of Company Arabian Education and Training Group Holding Company) (6)	KSA	LLC	-	100%
Alfaisal International Academy (A branch of Company Arabian Education and Training Group Holding Company) (6)	KSA	LLC	-	100%
Amjad Qurtuba Educational Services Company (6)	KSA	LLC	**100%**	100%
Nabaa Educational Company (6)	KSA	LLC	**100%**	100%
Al-Alsun International Private Schools Company (6)	KSA	LLC	**100%**	100%
Jasmine International Company (6)	KSA	LLC	**100%**	100%
Jeel Al Majd International Private Schools Company (6)	KSA	LLC	**100%**	100%
Academic Company for Educational Services (6)	KSA	CJSC	**52.2%**	52.2%

(1) The Nokhbah Educational Company is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010231261 on 26 Rabi Al-Awwal, 1428 AH corresponding to 14 April 2007.

The Company is principally engaged in pre-school and kindergarten education with a national curriculum, primary, intermediate and secondary education for male and female students with a national curriculum.

The Company operates through Al Nokhba Educational Schools, Al Kharj Branch, Al Nahda District, under commercial registration No. 1011010525 in Riyadh on 15 Jumada Al Awwal 1425 AH corresponding to 3 July 2004.

1. LEGAL STATUS AND ACTIVITIES (CONTINUED)

(B) The subsidiaries (continued)

(2) Al Oruba International Company for Education Services ("the Company") is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010259834 on 25 Dhual-Hijjah 1429 AH corresponding to 24 December 2008.

The Company is principally engaged in pre-school and kindergarten education with an international curriculum, primary, intermediate and secondary education for male and female students with an international curriculum.

(3) Al-Rowad Company for Supporting Services ("the Company") is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010299500 on 19 Muharram 1432 AH corresponding to 25 December 2010.

The Company is principally engaged in general construction for non-residential buildings such as schools, hospitals and hotels, and educational transportation.

(4) Elm International Schools Company ("the Company") is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010218835 on 3 Rabi' Al-Thani 1427 AH corresponding to 1 May 2006.

The Company is principally engaged in pre-school and kindergarten education with an international curriculum, primary, intermediate and secondary education for male and female students with an international curriculum.

The Company operates through the Elm International Schools Company branch, under commercial registration No. 1010393369 in Riyadh on 1 Rabi' al-Akhir 1435 AH corresponding to 1 February 2014.

(5) Al-Wasat National Training and Education Company is a limited liability Company, incorporated under the Regulations for Companies in Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010192295 on 26 Shawwal 1424 AH corresponding to 18 December 2003.

The Company is principally engaged in primary, intermediate and secondary education for students with a national curriculum.

(6) Arabian Education and Training Group Holding Company ("the Company") is a Saudi closed joint stock company in Kingdom of Saudi Arabia and was registered at the Commercial registration No. 1010206103 in Riyadh on 18 Muharram 1426 AH corresponding to 27 February 2005.

The Company is principally engaged in managing subsidiaries of holding companies, investing the funds of subsidiaries of holding companies, holding real estate and movable property necessary for the holding companies, providing loans, guarantees, and finance to subsidiaries of holding companies, holding industrial property rights to subsidiaries of holding companies and leasing industrial property rights to subsidiaries of holding companies.

1 LEGAL STATUS AND ACTIVITIES (CONTINUED)

(B) The subsidiaries (continued)

On February 1, 2024, Al-Faisal International Academy Company and Creative Development Company were transformed to become branches of the Arabian Education and Training Group Holding Company.

Ataa Educational Company ("the Company") indirectly owns the rest of the companies mentioned in the note through Arabian Education and Training Group Holding Company ("the Company") according to ownership percentages set out in the note.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of By-Laws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

2- BASIS OF PREPARATION AND MEASUREMENT

2-1 Statement of compliance

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

The Group has elected to present a separate consolidated statement of profit or loss and a separate statement of comprehensive income, and to classify its expenses by function. The components of other comprehensive income represent items of gains and losses that have not yet been realized, and they are presented within the other comprehensive income section in the consolidated statement of comprehensive income. The Group reports cash flows from operating activities using the indirect method

2-2 Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and a going concern basis, and on a historical cost basis, except for:
- Employee end-of-service benefit obligations using the projected credit unit method.
-lease liabilities that are recognized at the present value of future obligations
-Ministry of Finance borrowings that are recognized at the present value of future obligations.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is the Group's functional and presentation currency. Figures have been rounded off to the nearest SAR, unless otherwise stated.

2-4 Basis of consolidation

The consolidated financial statements include the financial statements of Atta Educational Company and its branches and subsidiaries (the Group) as described in Note (1).

Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

2- BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-4 Basis of consolidation (Continued)

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voting holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Profit or loss and each component of consolidated comprehensive income are attributable to shareholders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in consolidated statement of profit or loss.
- Reclassifies the Parent Company's share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Balances, transactions, and unrealized income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

3- MATERIAL ACCOUNTING POLICY INFORMATION

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

3-1 New standards, amendments to standards and interpretations

A number of new amendments to the standards, outlined below, are effective during the current year but do not have a material impact on the Group's consolidated financial statements:

(A) .New amendments to the standards issued and adopted in 2024

New Standards and Amendments to Standards	Effective for annual periods beginning on or after	Summary of Amendments
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024	The narrow-scope amendments to IAS 1 'Presentation of Financial Statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.
Amendment to IFRS 16 – Lease liability in a sale and lease back	1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Supplier Finance arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-1 New standards, amendments to standards and interpretations (Continued)

(B) New standards and amendments to standards, interpretations and issued standards that have not yet been applied

The Group has not applied the new and amended International Financial Reporting Standards (IFRS) and the following amendments to IFRS, which have been issued but are not yet effective.

New Standards and Amendments to Standards	Effective for annual periods beginning on or after	Summary of Amendments
Lack of exchangeability – Amendment to IAS 21	1 January 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026	These amendments include: • Clarification of the timing requirements for recognizing and derecognizing certain financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. • Additional guidance on assessing whether a financial asset meets the criteria for a single payment of principal and interest. • Introduction of new disclosures for specific financial instruments with contractual terms that could alter cash flows (such as some instruments linked to environmental, social, and governance (ESG) targets). Updates to disclosures related to equity instruments measured at fair value through other comprehensive income.
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027	The new standard on presentation and disclosure in financial statements, require more focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:: • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-1 New standards, amendments to standards and interpretations (Continued)

(B) New standards and amendments to standards, interpretations and issued standards that have not yet been applied (Continued)

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

3-2 Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current assets.

A liability is current when:

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

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

3-3 Foreign currency

Foreign currency transactions are translated into the functional currency based on the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, as well as from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the year-end, are recognized in the consolidated statement of comprehensive income.

Foreign exchange gains and losses related to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income under "Finance income or costs." All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income under "Other operating income."

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-4 Property and equipment (Continued)

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

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

	Years
Buildings and improvements	5-50
Electrical tools & equipment	4-10
Motor vehicles	5-10
Furniture & fixtures	4-10

Repair and maintenance costs are expensed to the consolidated statement of profit and loss. Repair and maintenance expenditures that significantly increase the value of assets or extend their useful lives are capitalized.

Depreciation method, residual value and useful lives estimates are reviewed annually.

An item of property and equipment and any significant parts that were originally recognized are derecognized at disposal or when no future benefits are expected from the use or disposal. Any gain or loss on the derecognition of an asset (which is calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is included in the consolidated statement of profit or loss on derecognizing the asset. The carrying amount of an asset is reduced immediately to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Capital works in process

Assets under construction or development are capitalized in capital works in process, then the cost of assets under construction or development is transferred to the appropriate category of property and equipment or intangible assets (depending on the nature of the project), upon bringing the asset to the site and/or the condition necessary to be able to operate in the manner intended by Management. The expenditures of capital works in process includes the acquisition price, the cost of construction / development and any other costs directly attributable to capital works originated or acquired under management's consideration. The expenditures associated with testing capital works in process items (before they are ready to use) are capitalized net of proceeds from the sale of any production during the test period. Capital works in process are not depreciated or amortized.

3-5 Intangible assets

Intangible assets are stated in the consolidated statement of financial position at cost less accumulated amortization and any accumulated impairment losses. They are recognized in the consolidated statement of profit or loss in the period in which the expenses are incurred.

The useful lives of intangible assets are estimated to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives. The estimated amortization period and the amortization method are reviewed at least at the end of each reporting year. considering the prospective effect of any changes in accounting estimates.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-5 Intangible assets (Continued)

Intangible assets with indefinite useful lives are not amortized but are assessed annually for impairment. The useful life of an intangible asset that is not being amortized is reviewed annually for any indication for indefinite useful life. The effect of a change in the useful life assessment from finite to indefinite is accounted for as a change in accounting estimates prospectively.

Computer software
Licenses of software acquired from other parties are initially recognized at cost. They are amortized on a straight-line basis over their estimated useful lives of 4 to 5 years.

Student List
The student list acquired by the Group from the acquisition of subsidiaries with finite useful life is measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated to write off the cost of intangible assets less their estimated residual value on a straight-line basis over their estimated useful lives of 8 years and recognized in the consolidated profit or loss.

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

Franchise
The franchise is the exclusive right to use the trademark within Kingdom of Saudi Arabia and is measured at cost at initial recognition. Subsequently, it is carried at cost less accumulated amortization and any accumulated impairment losses. The franchise is amortized based on straight-line method over the franchise agreement term, which is estimated to be 12 years.

Goodwill
Goodwill on acquisition is initially recognized at cost, which is the excess of the business combination cost over the Group's interest in fair value of net identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is allocated to cash-generating units or groups of cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units expected to benefit from the business combination that gives rise to goodwill.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss. Goodwill is assessed annually or more frequently for impairment losses, if events or changes in circumstances indicate that its carrying amount may be impaired.

3-6 Leases

The Group as a Lessee:
The Group leases several plots of land and buildings, typically under fixed-term leases, which may include extension options. The lease terms are negotiated individually and encompass a wide range of different terms and conditions. The lease agreements do not impose any covenants, except for security interests in the leased assets held by the lessor. However, the leased assets may not be used as collateral for borrowing purposes. For leases where the Group is the lessee, refer to Note 6.

The Group assesses whether a contract constitutes, or contains, a lease at the commencement of the contract. The Group recognizes right-of-use assets and corresponding lease liabilities for all lease agreements where the Group is the lessee, except for short-term leases (defined as leases with a duration of 12 months or less) and leases of low-value assets. For these leases, the Group records lease payments as operating expenses on a straight-line basis over the lease term, unless there is another systematic basis that more accurately reflects the timing pattern in which the economic benefits of the leased asset are consumed.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-6 Leases (Continued)

When determining the lease term, management considers all facts and circumstances that provide an economic incentive to exercise an extension option or not to exercise a termination option. Extension options are included in the lease term only if the extension of the lease is reasonably certain. In determining the lease term, management generally takes into account several factors, including historical lease periods, costs, and business disruption required to replace the leased asset. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Lease liabilities
The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar .economic environment with similar terms, security and conditions

To determine the incremental borrowing rate, the Group

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

The lease liabilities include the present value of the following lease payments:

- Fixed lease payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- Amounts expected to be payable by the lessee under residual value guarantees.
- Exercise price of purchase options if the lessee is reasonably certain to exercise those options.
- Penalties for terminating the lease if the lease term reflects the exercise of a termination option.

Lease payments made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and decreasing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability (and adjusts the corresponding right-of-use asset) when:

- The lease term changes or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- Lease payments change due to changes in an index or rate, or changes in expected payments under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the original discount rate (unless the lease payments change due to changes in floating interest rates, in which case the revised discount rate is used); the lease contract is adjusted and the adjustment is not considered a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-6 Leases (Continued)

Right-of-Use Assets

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date, and any initial direct costs; they are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects the Group's expectation of exercising a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts from the lease commencement date.

The Group applies IAS 36 "Impairment of Assets" to determine whether a right-of-use asset has suffered impairment and records any impairment losses.

Variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. Such payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

When the Group faces potential future increases in variable lease payments based on an index or rate, they are not included in lease liabilities until they become effective. When adjustments to lease payments based on an index or rate become effective, the lease liabilities are remeasured and adjusted against the right-of-use assets.

Lease payments are allocated between the principal portion and the cost of financing. The cost of financing is charged to profit or loss over the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

The Group as a Lessor:

The Group is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Group performs overall assessment whether lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers specific indicators such as whether the lease term is for the major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the Group uses the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

(a) fixed payments;
(b) variable lease payments that depend on an index or a rate;
(c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-6 Leases (Continued)

Upon subsequent measurement, the Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: The Group recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, The Group applies IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Group is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a shortterm lease, the Group applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Group allocates the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

3-7 Business combinations

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

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

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

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests of the acquiree, and the fair value at the acquisition-date of the acquirer's previously held interest of the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests of the acquiree and the fair value of the acquirer's previously held interest of the acquiree (if any), the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date, If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-7 Business combinations (Continued)

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

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to allocate the carrying amount of the goodwill to the cash-generating units or the Group of cash-generating units expected to benefit from business combination. Where goodwill is allocated to the cash-generating unit and part of the operations of that unit are discontinued, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on discontinued operation. The goodwill in such circumstances is Measured on the basis of the value of a similar discontinued operation and the remaining portion of the cash-generating unit.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. The group follows the relative share in accounting for uncomfortable rights. Other types of non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at acquisition-date fair value and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests of the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements, During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that, this will affect the measurement of amounts recognized as of that date. During the measurement period, the Group recognizes additional assets or liabilities if it obtains new information about facts or circumstances that existed at the acquisition date and if it is determined that, this would result in assets or liabilities being recognized as of that date. The measurement period ends when the Group obtains the information it was seeking about the facts and circumstances that existed at the acquisition date, or when it believes that more information is not obtainable.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

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

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

The fair value measurement of a non-financial asset considers the ability of market participants to provide economic benefits by using the asset for the best benefit, or by selling it to another market participant for the best benefit.

The Group uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs substantially.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2: valuation techniques in which the lowest level of significant inputs is used for the fair value measurement and can be observable either directly (i.e., prices) or indirectly (i.e., derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs) For assets and liabilities recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period. The Group determines policies and procedures for both recurring fair value measurements and non-recurring fair value measurements..

At each reporting date, The Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset or liability with other external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-9 Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives are not amortized but are tested annually for impairment, or more frequently if there are indications, events, or changes in circumstances that may suggest a potential impairment. Other assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the asset's fair value less costs to sell or its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which separately identifiable cash flows exist that are largely independent of the cash flows from other assets or asset groups (cash-generating units). Non-financial assets, other than goodwill, that have previously been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recent market transactions are considered in determining fair value less costs to sell. In the event that such transactions cannot be determined, the appropriate valuation model is used . Goodwill is assessed annually for impairment and any impairment losses on goodwill are not reversed.

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

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

3-10 Inventory

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

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

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

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-11 Accounts receivable

Amounts due from parents for providing education services, amounts due from government entities contracted with to provide recruitment services, and amounts due from the private sector and individuals for providing training services are in the normal course of the Group's activities and do not carry interest. If the credit exceeds the normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of accounts receivable and other receivables are reviewed for any objective evidence that the amounts are not recoverable. In this case, impairment loss is recognized immediately in the consolidated statement of profit or loss.

3-12 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in current accounts, deposits with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are readily converted into cash amount, are subject to limited risk and available for the Group.

3-13 Financial Instruments

Financial assets

(1) Classification

The Group's financial assets are classified and measured under the following categories:
• Amortised cost

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial assets at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or other comprehensive income.

(2) Recognition and derecognition
At initial recognition, the Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-13 Financial Instruments(Continued)

(3) Measurement

Amortized cost
Assets that are held for collection of contractual cash flows, where those cash flows represents solely payments of principal and interest, are measured at amortized cost. Interest income, if any, from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of profit or loss and other comprehensive income and presented in other operating income - net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Equity instruments:
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognized in statement of profit or loss and other comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other operating income in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost.
Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

Offsetting financial assets and liabilities

Financial assets and liabilities are off-set and net amounts are reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

Impairment of financial assets

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

For trade and retention receivables and contract assets, the Group applies the simplified approach as permitted by IFRS 9 'Financial Instruments', which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The amount of the loss is charged to profit or loss. The Group uses a provision matrix to determine its ECL provision but also applies specific provisions when factors other than simply the age of the debt are known to management that could impact the ability to recover the debt.

Trade and retention receivables are written-off when there is no reasonable expectation of recovery Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Group, or a failure to make contractual payments for a period of greater than 365days past.*due*

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-14 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance of new shares are presented within equity as a deduction from the proceeds.

Treasury shares are recorded as a deduction from equity at the amount paid by the company to acquire them, including any directly attributable transaction costs incurred.

3-15 Statutory reserve

In accordance with the Company's by-laws, the Company is required to transfer 10% of net income for the year to a statutory reserve until such reserve equals 30% of share capital. The reserve is not available for distribution to the shareholder.

3-16 Cash dividends and non-cash dividends to shareholders

Cash or non-cash dividends to shareholders are recognized as liabilities upon approval of the distribution, and according to the Regulations for Companies in Kingdom of Saudi Arabia, dividends are approved when confirmed by the shareholders. Dividends are deducted immediately from equity and recognized as a liability.

3-17 Borrowings

Borrowings are initially recognized at fair value (as proceeds received), net of transaction costs, if any. long-term borrowings are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the borrowing term using the effective interest method. Fees paid on the facility are recognized as the borrowing costs to the extent that it is probable that the facility will be withdrawn partially or in full. In such case, the fees are deferred until the facility is withdrawn, capitalized in prepayments for liquidity services to the extent that there is no evidence the facility may be withdrawn partially or in full, and are amortized over the underlying facility term.

3-18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized during the period necessary to complete and prepare the asset for its intended sale or use. Qualifying assets are those that necessarily require a long period to become ready for sale or intended use.

Investment income earned on temporary investments of specific borrowings that are delayed in expenditure on qualifying assets is deducted from the capitalizable borrowing costs.

Other borrowing costs are expensed for the year as incurred in the consolidated statement of profit or loss.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-19 Government subsidies

Government subsidies are recognized when there is reasonable assurance that the subsidy will be received and that all associated conditions will be complied with. When the subsidy relates to an expense item, it is recognized as income on a regular basis over the periods that the Group intends to offset the costs being expensed.

When the subsidy is related to an asset, it is recognized as income in equal amounts over the expected useful life of the underlying asset.

When the Group receives non-cash subsidies, the asset and the subsidy are recorded at nominal value and transferred to the consolidated statement of profit or loss over the expected useful life of the asset based on the depreciation pattern of the asset's benefits in equal annual amounts. When borrowings or similar finance are granted by government or related institutions at an interest rate lower than the prevailing interest rate, the effect of these differential interest rates is considered a government subsidy and recorded under non-current liabilities in the financial position as deferred government subsidies.

3-20 Employee benefits

Short-term and Long-term Employee Benefits
The liability for employee benefits related to wages, salaries, annual leave, and sick leave is recognized in the period in which the related service is provided at an amount not discounted from the expected benefits payable for that service.

The measurement of liabilities for short-term employee benefits is at the undiscounted amount of expected benefits payable for the related service.

Liabilities for other long-term employee benefits are measured at the present value of the future cash flows expected to be paid by the Group related to the services provided by employees up to the reporting date.

Employee Termination Benefit Liabilities
The cost of providing benefits for defined benefit plans is determined using the projected unit credit method, with actuarial valuations performed at the end of each annual reporting period. Remeasurements, which consist of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding charge or credit in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are immediately reflected in retained earnings and are not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period in which the plan is amended. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are classified as follows:

- Service cost (which includes current service cost, past service cost, and gains and losses from curtailments and settlements).
- Net interest expense or income.
- Remeasurements.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-20 Employee benefits (Continued)

Gains and losses from curtailments are accounted for as past service costs.

The employee termination benefit liabilities recognized in the statement of financial position represent the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The liability for termination benefits is recognized when the entity can no longer withdraw the offer of termination benefits and when the entity recognizes any related restructuring costs.

3-21 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the effect is material, provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The discount unwinding is recognized as a financing cost in the consolidated statement of profit or loss.

3-22 Trade payables and other payables

Trade payables and other payables are liabilities to pay for goods and services acquired in the normal course of business from suppliers. Trade payables and other payables are classified as current liabilities if they are due to be settled within one year or less; otherwise, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

3-23 Contingent Liabilities

All contingent liabilities arising from past events that will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events, which are not wholly under the control of the Group, or all current liabilities arising from past events but not recognized due to the lack of probability that an outflow of resources embodying economic benefits will be required to settle the obligation.

3-24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from providing services in the normal course of the Group's activities, taking into account contractually determined payment terms. Revenue is recorded net of trade discounts, incentives and rebates.

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

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

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

Step 2: Identify the performance obligations: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-24 Revenue recognition (Continued)

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for fulfilling each performance obligation.

Step 5: Revenue recognition: The Group recognizes revenue (or as) it fulfils a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer
The Group performs a careful assessment of the terms and conditions of the contracts with its customers because the revenues are recognized only when the performance obligations of the contracts with the customers are fulfilled. Changes in the contract scope or price (or both) are considered a modification of the contract and the Group determines whether this change will be considered a new contract or as part of the current contract.

Identify the performance obligations
Once the Group identifies the contract with the customer, it evaluates the contractual terms and normal business practices to identify all contracted services and determine whether any of those contracted services (or a bundle of contracted services) will be treated as separate performance obligations.

Determine the transaction price
The Group determines the transaction price as the amount of consideration it expects to be entitled in exchange for. This includes an estimate of any variable consideration and the impact of a significant financing component (i.e., the time value of money) and the fair value of any non-cash consideration and the impact of any consideration paid or payable to a customer (if any). The variable consideration is limited to the amount for which there is a high probability of no significant reversal in the amount of accrued revenue recognized when the uncertainty associated with the variable consideration is subsequently resolved.

Consideration is determined based on the transaction price agreed with the customers and there are no other promises in the contract with customers that are identified as separate performance obligations that must be allocated a portion of the transaction price. When determining the transaction price for the services, the Group took into account the impact of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any) and concluded that such consideration amounts are not included in the transaction price.

Contract modifications, such as change orders, are considered as part of the current contract, with cumulative adjustments to revenue. For substantial contract modifications, a separate contract may be recognized, based on the management's assessment of the following factors:

- The contract scope increases due to the addition of promised goods or services and can be distinguished themselves; and
- The contract price increases by the compensation that reflects the entity's standalone selling prices for the additional promised goods or services and any appropriate adjustments to that price to reflect the conditions of the contract.

There were no substantial modifications to the contracts during the year ended 31 July 2024.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-24 Revenue recognition (Continued)

Allocate the transaction price
When identifying the performance obligations and the transaction price, the transaction price is allocated to the performance obligations, which is usually proportionate to their standalone selling prices (i.e., on a relative standalone future selling price basis). When determining the standalone selling prices, the Group must use observable information, if any. If the standalone selling prices are not directly observable, the Group uses estimates based on reasonably available information.

Revenue recognition
The Group recognizes revenue in accordance with the terms and conditions contained in the contracts concluded with the customers to the extent that the performance obligations related to the contracts with customers are fulfilled by the Group by transferring control of a contracted service to the customer, which can be transferred over time period or at some point in time. When fulfilling a performance obligation over a time period, the Group determines the progress under the contract based on the input or output method, which works to measure the best completed performance to date. The specified method is applied consistently to similar performance obligations and in similar circumstances. The Group believes that it fulfills its performance obligations in its contracts with customers over time period for Education Segment, and at some point in time for Training and Recruitment Segments, and therefore it recognizes revenue when it fulfils its obligations under its contracts with customers.

The Group's accounting policies for revenue from contracts with customers are outlined below:

Tuition fees
Tuition fees revenue (for Education Segment) is recognized in the consolidated statement of profit or loss during the period of students' study and is stated net of discounts and exemptions. Revenue is recognized over time period.

Bus subscription
Revenue from bus subscription services is recognized in the consolidated statement of profit or loss over the period of the academic year for the students who subscribed to the service either one "one-way" route or two "round-trip" routes. Revenue is recognized over time period.

Training Services
Revenue from language, computer and other training courses is recognized when the training services are performed and completed. Revenue is recognized at some point in time.

Recruitment Services
Revenue from recruitment services is recognized when the beneficiary entity registers the employee in the social insurance scheme and after the employee's approval. Revenue is recognized at some point in time.

3-25 Expenses

Cost of revenue
All expenses are recognized on an accrual basis. Operating costs are recognized on a historical cost basis. The largest part of this item includes teachers and trainers' salaries and rents for educational buildings

Marketing expenses
Marketing expenses comprise of all marketing costs of educational, recruitment and training services by the Group, and include advertising expenses, marketing fees through electronic platforms, and fixed and digital billboards.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-25 Expenses (Continued)

General and administrative expenses

General and administrative expenses comprise of the costs that are not necessarily part of the marketing expenses, cost of revenues, finance costs or zakat expenses

3-26 Finance cost

The cost of finance for interest payable to the lender for all financial liabilities measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument, or a shorter period, as appropriate, to the net carrying amount of the financial liability. Additionally, the cost of finance includes the time value of money for all recognized lease liabilities. The cost of finance is also recognized over time whenever a provision or liability is discounted to its present value.

3-27 Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority in Saudi Arabia ("the Authority") and recognizes zakat liabilities in the consolidated statement of profit or loss for the current period. Any additional zakat liabilities related to assessments for previous years, if any, are calculated in the period when the final assessments are issued.

The Group is primarily liable for zakat only, and since the reversal of timing differences, if any, is not expected to have a material impact on future zakat amounts, no deferred tax liability or asset is recognized in these consolidated financial statements.

For the year ended 31 July 2024, the Group prepared and submitted a consolidated zakat declaration for Atta Educational Company and all its subsidiaries, which are 100% directly or indirectly owned.

3-28 Value added tax

The expenses and assets are recognized net of VAT amount, except for:

- When the VAT incurred on the purchase of assets or services is not recoverable from the tax authorities, in this case VAT is recognized as part of the cost of purchasing the assets or expensed, if applicable, and/or
- When receivables and payables are stated including VAT amount

Net VAT recoverable from / or payable to the tax authorities is recorded as part of prepaid expenses and other current assets or accrued expenses and other current liabilities in the consolidated statement of financial position.

3-29 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- Profit attributable to the Group's shareholders, excluding any costs related to equity transactions other than ordinary shares.
- The weighted average number of ordinary shares outstanding during the financial year, adjusted for any stock-based compensation elements and excluding treasury shares.

3- MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3-29 Earnings per share (Continued)

Diluted earnings per share
The figures used to determine the basic earnings per share are adjusted for the diluted earnings per share, considering:

- The impact of interest after income tax and other finance costs associated with the dilution of potential common stock.
- The weighted average number of additional common stock that would have been outstanding assuming the conversion of all common stock is affected by the potential dilution.

3-30 Segment reporting

Operating segments are presented in a manner consistent with the internal reports provided to the chief operating decision maker. Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the Group. The operating results of segments are regularly reviewed by the CEO (the chief operating decision maker) to make decisions about the allocation of resources to the segment and to assess its performance, with separate financial information available for each segment.

The results of segments reported to the chief operating decision maker include items directly attributable to the segment, as well as items that can be reasonably allocated.

4- MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

4-1 Significant judgments in applying the Group's accounting policies

In applying the Group's accounting policies, management has made the following judgments, which have a significant impact on the amounts recognized in the consolidated financial statements.

4-1-1 Going concern

The Group's management has made an assessment of the Group's ability to continue according to the principle of going concern, and it is convinced that the Group has sufficient resources to continue its business in the foreseeable future. In addition, the management does not have any fundamental doubts about the Group's ability to continue as a going concern. Therefore, the attached consolidated financial statements have been prepared on a going concern basis.

4-1-2 Depreciation of property, equipment and intangible assets (except for Goodwill)

The Group's assets are depreciated on a straight-line basis their estimated economic useful lives.

4-1-3 Determining the lease term with extension and termination options, the company as a lessee.

When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension or termination option. The assessment is reviewed in case of a material event, or a material change in the circumstances that affect this assessment. During the current financial year, there was no material financial impact of reviewing the lease terms to reflect the effect of exercising the extension or termination options.

4-2 Assumptions and estimation uncertainties

The estimates made by management in applying the Company's accounting policies that have a material impact on the amounts recognized in the financial statements are as follows:

4- MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4-2 Assumptions and estimation uncertainties (Continued)

4-2-1 Goodwill-annual impairment assessment on goodwill

The impairment assessments on the group of CGUs to which goodwill has been allocated, are carried out. The group of CGUs is determined based on the acquisitions and mergers. The structure and groups of CGUs are annually assessed. Goodwill is annually assessed for impairment on each group of CGUs to which goodwill has been allocated. The discounted cash flow method is used for determining value in use.

The principal indicators used in the impairment assessment include assumptions for the growth rate and discount rates. Also refer to Note (6) for the sensitivity of these assumptions.

4-2-2 Expected future free cash flows

The expected free cash flows are based on current expectations and specific objectives set for a five-year period. These are determined for CGUs in setting external objectives and expectations based on information and observations for the industry such as macroeconomic indicators and market circumstances. All assumptions used are challenged in setting objectives and expectations based on management's best estimates and expectations, which are subjective by nature. They include expectations for revenue growth and EBIT.

4-2-3 Actuarial valuation of employee end-of-service benefits

The present value of retirement obligations depends on several factors that are determined using actuarial valuations that use several assumptions. The assumptions used in determining the net cost (income) of retirement include the discount rate. Any change in these assumptions will have an impact on the carrying amount of retirement obligations.

The Group determines the appropriate discount rate at each year-end, which is the interest rate used to determine the present value of estimated future cash flows expected for settlement of end-of-service obligations. While determining the appropriate discount rate, the Group takes into account the interest rates on high-quality corporate bonds, provided that the bonds term is consistent with the estimated period for end-of-service benefits liabilities.

4-2-4 Useful lives of property and equipment

As described in Note (3), the Group estimates the useful lives of property and equipment at the end of each annual reporting period. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

4- MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4-2 Assumptions and estimation uncertainties (Continued)

4-2-5 ECL Provision

The Group uses a model to estimate lifetime ECL not credit-impaired and lifetime ECL credit-impaired based on the change in credit risk for the financial instrument. The Group uses the simplified approach using a provision matrix to measure ECL for parent and client receivables, which typically consist of a very large number of low balances. To measure ECL, receivables are grouped based on common credit risk characteristics and the periods in which they fall due. Historical loss rates are adjusted to reflect current and future information according to indications of macroeconomics that affect the ability of parents and clients to settle receivables.

4-2-6 Leases Discount rate

The Group cannot easily determine the implicit interest rate in leases, and therefore it uses the incremental borrowing rate to measure lease liablities. The incremental borrowing rate is the interest that the Group would have to pay to borrow over a similar term and with a similar guarantee -the funds necessary to acquire an asset of similar value to the right-of-use asset in a similar economic environment- so the incremental borrowing rate reflects what the Group would have to pay and that requires an estimate when observable rates are not available or when it is required to be modified to reflect the lease terms and conditions. The Group estimates the incremental borrowing rate using observable inputs (e.g., market interest rates) when available and required to make the Group's estimates.

(All amounts in saudi riyals unless otherwise stated)

5- PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings and Improvements	Electrical Tools&Equipment	Motor Vehicles	Furniture & Fixtures	Projects Under Construction	Total
Cost:							
As of 1 August 2022	267,679,757	614,316,366	104,702,269	35,421,860	94,646,935	28,636,473	1,145,403,660
Additions during the year	18,275,000	4,868,082	12,388,210	2,407,700	4,536,787	19,477,450	61,953,229
Transferred from projects under construction during the year	-	26,701,755	-	-	-	(26,701,755)	-
Disposals during the year	-	(18,956,321)	(39,105,076)	(683,581)	(36,868,097)	-	(95,613,075)
As of 31 July 2023	**285,954,757**	**626,929,882**	**77,985,403**	**37,145,979**	**62,315,625**	**21,412,168**	**1,111,743,814**
Additions during the year	-	527,364	15,053,916	-	3,533,388	101,455,071	120,569,739
Transferred from projects under construction during the year	-	20,038,982	683,721	-	-	(20,722,703)	-
Transferred to non-current assets held for sale*	(22,380,500)	(16,676,375)	-	-	-		(39,056,875)
Reclassification	-	(763,470)	4,365,687	658,550	(4,069,626)	(191,141)	-
Disposals during the year	-	(2,213,530)	(37,796)		(14,859)		(2,266,185)
As of 31 July 2024	**263,574,257**	**627,842,853**	**98,050,931**	**37,804,529**	**61,764,528**	**101,953,395**	**1,190,990,493**
Accumulated Depreciation:							
As of 1 August 2022	-	139,558,363	88,290,020	34,324,770	78,488,501	-	340,661,654
Charged for the year	-	15,548,137	7,126,433	830,688	4,760,852	-	28,266,110
Disposals during the year	-	(18,890,607)	(38,558,544)	(683,550)	(34,584,834)	-	(92,717,535)
As of 31 July 2023	-	**136,215,893**	**56,857,909**	**34,471,908**	**48,664,519**	-	**276,210,229**
Charged for the year	-	16,994,728	8,384,714	479,758	3,768,365	-	29,627,565
Reclassification	-	(893,716)	3,802,325	657,002	(3,565,611)	-	-
Transferred to non-current assets held for sale*	-	(2,579,835)	-	-	-	-	(2,579,835)
Disposals during the year	-	(1,659,838)	(22,338)	-	(12,356)	-	(1,694,532)
As of 31 July 2024	-	**148,077,232**	**69,022,610**	**35,608,668**	**48,854,917**	-	**301,563,427**
Net Book Value as of July 31, 2023	285,954,757	490,713,989	21,127,494	2,674,071	13,651,106	21,412,168	835,533,585
Net Book Value as of July 31, 2024	**263,574,257**	**479,765,621**	**29,028,321**	**2,195,861**	**12,909,611**	**101,953,395**	**889,427,066**

(All amounts in saudi riyals unless otherwise stated)

5- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- Depreciation is allocated for the year as follows:

	Note	31 July 2024	31 July 2023
Cost of revenue	24	**29,369,591**	26,045,350
General and administrative expenses	26	**257,974**	2,220,760
		29,627,565	28,266,110

- There are land and buildings amounting to SAR 185,96 million (31 July 2023: 170,37 million) pledged for certain credit facilities as described in Note (16).

- Projects under construction, amounting to SAR 101.9 million, consist of development work on buildings within educational complexes, the construction of a new educational complex for Al-Wasat Company in Al-Salam District, the construction of an educational complex in Arqah District, and a branch of Al-Faisal International Academy. These projects are expected to be completed by the end of 2024, with an estimated completion cost of SAR 10 million Note (30) .

  * On August 13, 2024, the company's Board of Directors decided to sell the administrative building (land and property) located on Othman Bin Affan Street in Al-Izdihar District, Riyadh. A memorandum of understanding has been signed regarding the sale of the asset to an external party at a value higher than the book value. The process of completing the transaction is still in progress during the subsequent period, and it is expected that all legal procedures for selling the property and transferring its ownership will be completed within one year from the date of that decision."

6- Rentals

A. RIGHT-OF-USE ASSETS

Right-of-use assets principally comprise of leases for educational premises, which have lease terms ranging from 2 to 35 years.

	31 July 2024	31 July 2023
Cost:		
Right-of-use assets at beginning of the year	**734,638,554**	646,241,933
Additions during the year	**28,132,223**	78,023,156
Disposals during the year	**(55,924,058)**	(38,402,202)
Adjustments to the right-of-use assets	**2,997,071**	48,775,667
Balance at end of the year	**709,843,790**	734,638,554
Accumulated Depreciation:		
Balance at beginning of the year	**250,935,577**	148,769,003
Charged for the year	**49,988,139**	53,883,470
Disposals during the year	**(48,765,758)**	(26,516,798)
Adjustments to the right-of-use assets	**2,997,071**	74,799,902
Balance at end of the year	**255,155,029**	250,935,577
Net Book Value	**454,688,761**	483,702,977

- Depreciation is allocated for the year as follows:

	Note	31 July 2024	31 July 2023
Cost of revenue	24	**49,988,139**	53,883,470
		49,988,139	53,883,470

(All amounts in saudi riyals unless otherwise stated)

6- RIGHT-OF-USE ASSETS (CONTINUED)

- Short-term and low-value leases amounted to SAR 2,786,804 (31 July 2023: SAR 2,403,946), which represent the leases of the employees' housing (Note 24/ 26).

B. Lease liabilities for right-of-use assets

	Note	31 July 2024	31 July 2023
Lease liabilities as at beginning of the year		**548,924,457**	558,146,582
Additions during the year		**28,132,223**	78,023,156
Disposals during the year		**(6,919,307)**	(14,090,284)
Interest charged for the year	28	**26,547,719**	25,114,420
Paid during the year		**(65,539,229)**	(72,602,986)
Adjustments to lease liabilities for right-of-use assets		**-**	(25,666,431)
		531,145,863	548,924,457

The balance includes an amount due to Dr. Ahmed bin Nasser Al-Miteb "Related Party" of SAR 3,500,000. (Note 11-3).

The discount rates applied range from 2.45% to 7.58%

Lease liabilities details are presrnted in the consolidated statement of financial position as follows:

	31 July 2024	31 July 2023
Non-current lease liability	**476,994,160**	506,703,566
Current lease liability	**54,151,703**	42,220,891
	531,145,863	548,924,457

(All amounts in saudi riyals unless otherwise stated)

7- INTANGIBLE ASSETS

	31 July 2024				
	Student List	**Trademark**	**Franchise**	**Computer Software**	**Total**
Cost:					
Balance at beginning of the year	12,343,682	14,285,426	12,107,104	1,995,880	40,732,092
Additions during the year	-	-		1,792,596	1,792,596
Balance at end of the year	12,343,682	14,285,426	12,107,104	3,788,476	42,524,688
Accumulated Amortization:					
Balance at beginning of the year	4,628,880	-	7,651,014	1,844,143	14,124,037
Charged for the year	1,542,960	-	1,008,925	364,372	2,916,257
Balance at end of the year	6,171,840	-	8,659,939	2,208,515	17,040,294
Net Book Value	6,171,842	14,285,426	3,447,165	1,579,961	25,484,394

	31 July 2023				
	Student List	Trademark	Franchise	Computer Software	Total
Cost:					
Balance at beginning of the year	12,343,682	14,285,426	12,107,104	1,995,880	40,732,092
Balance at end of the year	12,343,682	14,285,426	12,107,104	1,995,880	40,732,092
Accumulated Amortization:					
Balance at beginning of the year	3,085,920	-	6,642,089	1,373,211	11,101,220
Charged for the year	1,542,960	-	1,008,925	470,932	3,022,817
Balance at end of the year	4,628,880	-	7,651,014	1,844,143	14,124,037
Net Book Value	7,714,802	14,285,426	4,456,090	151,737	26,608,055

- Amortization is allocated for the year as follows:

	Note	31 July 2024	31 July 2023
Cost of revenue	24	2,551,885	2,551,885
General and administrative expenses	26	364,372	470,932
		2,916,257	3,022,817

(All amounts in saudi riyals unless otherwise stated)

8- GOODWILL

Goodwill represents the excess of the transferred consideration, the amount of any non-controlling interests, and the fair value at the acquisition date of the previously held equity interest by the group in the acquired businesses over the net identifiable assets acquired and transferred to the group.

Goodwill was allocated to the Group's CGUs as follows:

	31 July 2024	31 July 2023
Orouba International Company for Educational Service	**87,400,000**	87,400,000
Amjad Qurtuba Educational Services Company*	**70,427,040**	70,427,040
Nabaa Educational Company*	**70,410,615**	70,410,615
Middle East International Schools	**66,600,000**	66,600,000
Middle East Modern International Schools	**60,575,000**	60,575,000
New Middle East International Schools	**53,375,000**	53,375,000
Al-Ruwad Schools, Al-Rawda Branch	**33,091,250**	33,091,250
International Elm Schools Company	**29,318,044**	29,318,044
Al Rowad Schools, Al Rawabi Branch	**28,413,273**	28,413,273
Alfiker Private School	**14,100,000**	14,100,000
Sulaymaniyah International Private Schools	**14,000,000**	14,000,000
Academic Company for Educational Services*	**9,776,086**	9,776,086
Jasmine International Company*	**9,576,775**	9,576,775
AL Nokhba Schools, Al-Kharj Branch	**8,846,495**	8,846,495
Alrowad Schools, Ishbiliyah branch	**7,479,000**	7,479,000
Al Wasat National Schools Company for Education and Training	**6,638,475**	6,638,475
Alrowad schools, Mansoura branch	**2,519,151**	2,519,151
Al-Alsun International Private Schools Company*	**1,119,185**	1,119,185
Goodwill reduction by acquisition gains	**(38,121,000)**	(38,121,000)
	535,544,389	535,544,389

These companies are subsidiaries of Arabian Education and Training Group Company "Holding" Company, which is 100% owned by Ataa Educational. (Note 1)

Impairment assessment on goodwill:

Group management assesses goodwill annually for impairment to determine whether the carrying amount of goodwill is less than its recoverable amount or not. The recoverable amount is determined based on the information used in the expected business plans for five years after reporting date and the cash flows related to them, and impairment is assessed based on measuring the present value of future cash flows for a five-year period based on reasonable and objective assumptions to estimate the cash flow according to the latest budgets approved by management.

The principal assumptions used for estimating the recoverable amount are set out below:

The values assigned to the principal assumptions are management's assessment of the future trends in the relevant industries, and are based on historical data from external and internal sources.

	31 July 2024		31 July 2023	
	From	**To**	From	To
Discount Rate	**11.17%**	**16.17%**	13.4%	16.9%
Growth Rate	**2.5%**		2.5%	

(All amounts in saudi riyals unless otherwise stated)

8- GOODWILL (CONTINUED)

Impairment assessment on goodwill (Continued):

Expected cash flows included certain estimates for a five-year period and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimates of the long-term compound annual growth rate of the profit before interest and depreciation, in line with the assumptions that a market participant may adopt.

Sensitivity of changes in assumptions

Management believes that there is no reasonably possible change in any of the principal assumptions that would cause the carrying amount of goodwill to differ materially from its recoverable amount.

9- ACCOUNTS RECEIVABLE

	31 July 2024	31 July 2023
Accounts receivable	**122,218,452**	123,940,092
Less: provision for expected credit loss	**(27,573,358)**	(16,998,457)
	94,645,094	106,941,635

The Group recognizes expected credit losses using the simplified approach.

Accounts receivable carry no interest.

Movement of provision for expected credit loss is as follows:

	31 July 2024	31 July 2023
Balance at beginning of the year	**16,998,457**	12,659,213
Charged for the year	**10,575,403**	4,339,244
Write off	**(502)**	-
Balance at end of the year	**27,573,358**	16,998,457

Information related to impairment on accounts receivable and the Group's exposure to credit risk is disclosed in Note (31-2)

(All amounts in saudi riyals unless otherwise stated)

10- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	31 July 2024	31 July 2023
Prepaid expense	**15,607,479**	17,535,509
Advance payment to suppliers and contractors	**9,976,817**	7,993,756
Deposits to others	**5,675,723**	5,447,171
Investment in Al Roshd International Company - advance	**5,475,943**	5,475,943
Employee receivables	**4,747,369**	5,278,035
Clients of the administrative building and halls	**4,453,631**	3,402,716
Margin on letters of guarantee	**2,286,747**	2,297,759
Accrued revenue	**2,223,468**	1,834,232
Value Added Tax	**1,091,593**	-
Due from old owners of Elm International Schools Company	**203,766**	203,766
Others	**1,469,463**	4,972,551
Less: provision for impairment of prepaid expenses and other current assets	**(7,468,349)**	(7,468,349)
	45,743,650	46,973,089

Movement of provision for impairment on prepaid expenses and other current assets is as follows:

	31 July 2024	31 July 2023
Balance at beginning of the year	**7,468,349**	6,500,873
Charged for the year	-	1,326,003
Used during the year	-	(358,527)
Balance at end of the year	**7,468,349**	7,468,349

Provision for impairment on prepaid expenses and other current assets is allocated as follows:

	31 July 2024	31 July 2023
Investment in Al Roshd International Company - advance	**5,475,943**	5,475,943
Clients of the administrative building and halls	**1,601,988**	1,601,988
Suppliers and contractors - advance	**121,023**	121,023
Employee receivables	**99,286**	99,286
Others	**170,109**	170,109
	7,468,349	7,468,349

(All amounts in saudi riyals unless otherwise stated)

11- RELATED-PARTY TRANSACTIONS AND BALANCES

Related-party transactions include rentals of educational complexes, expenses on behalf, salaries and remunerations and compensations and committees' allowances the and board members and key executives and management carried out between the Group and the related parties, and between the Group and board members and committees and key executives and management, and those transactions are carried out in the normal course of Group's activities according to the same transaction terms with third party. Significant related-party transactions and resulting balances are as follows:

11-1 Key transactions with related parties:

	Nature of Relaltionship	Nature of Transaction	Amount of Transaction 31 July 2024	31 July 2023
Dr. Ahmed bin Nasser Al-Miteb	Shareholder	Rentals of educational complexes	**12,638,000**	14,088,000
Fawzia Al Haqbani	Shareholder in subsidiary Company	Expenses on behalf	**7,000**	209,375
Hayat Al-Shahrani	Shareholder in subsidiary Company	Expenses on behalf	**7,000**	209,375
Kholoud Al-Issa	A related party	Payments on behalf	**1,279,510**	-
Building Development Holding Company	Associate	Payments on behalf	**-**	664,300

11-2 Due from a related party

	31 July 2024	31 July 2023
Kholoud Al-Issa	**3,525,399**	2,245,889
Less: expected credit loss	**(2,328,085)**	-
	1,197,314	2,245,889

Movement of provision for expected credit loss is as follows:

	31 July 2024	31 July 2023
Charged for the year	**2,328,085**	-
	2,328,085	-

11-3 Due to related parties

	31 July 2024	31 July 2023
Dr. Ahmed bin Nasser Al-Miteb*	**4,106,208**	500,000
Fawzia Al Haqbani	**159,619**	166,619
Hayat Al-Shahrani	**112,859**	119,860
	4,378,686	786,479

* Lease liabilities include balance due to Dr. Ahmed bin Nasser Al-Miteb of SAR 3,500,000 (Note 6-B).

(All amounts in saudi riyals unless otherwise stated)

11- RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

11-4 Benefits, remunerations and compensation to key management and executives

	31 July 2024		31 July 2023	
	BOD and committees'	**Key management personnel**	BOD and committees'	Key management personnel
Remunerations and allowances for BOD and committees'	**2,521,123**	-	3,854,930	-
Remunerations for key management personnel	-	**1,473,000**	-	2,587,998
Salaries and benefits for key management personnel	-	**4,899,167**	-	6,815,833
	2,521,123	**6,372,167**	3,854,930	9,403,831

12- CASH AND CASH EQUIVALENTS

	31 July 2024	31 July 2023
Cash at banks	**85,424,134**	38,873,634
Cash on hand	**175,735**	619,553
	85,599,869	39,493,187

13- SHARE CAPITAL

The authorized and paid-up capital of the Group is SAR 420.87 million as of 31 July 2024 (31 July 2023: SAR 420.87 million) divided into 42,087,215 shares (31 July 2023: 42,087,215 shares) of SAR 10 each.

13-1 Share Premium

- On 2 Dhul-Hijjah 1436 AH, corresponding to 15 September 2015, the Extraordinary General Assembly approved to increase the company's share capital by SAR 74.4 million by issuing new 7.4 million shares at nominal value of SAR 10 each and share premium of SAR 28.17 each.

- On 30 Dhul-Qa'dah 1443 AH, corresponding to 29 June 2022, the Extraordinary General Assembly approved to increase the company's share capital by SAR 20.87 million by issuing new 2.087 million shares at nominal value of SAR 10 each and share premium of SAR 34.08 each for shareholders of Nabaa Educational Company inexchange for transferring all the shares of Nabaa Educational Company to Arabian Education and Training Group Holding Company – subsidiary %100 owned by Ataa Educational Company – in accordance with the acquisition agreement signed between the shareholders of Nabaa Educational Company and Ataa Educational Company and Arabian Education and Training Group Holding Company on 9 Jumada Al-Awwal 1443 AH, corresponding to 31 December 2021.

The share premium of SAR 71,140 million was reduced by SAR 3.9 million, which is the costs of those shares issuance.

14- STATUTORY RESERVE

In accordance with Articles of Association of the Company, the Company is required to transfer 10% of net income for the year to a statutory reserve until such reserve equals 30% of share capital, The reserve is not available for distribution to the shareholders. However, it can be used to increase the capital after the approval of the shareholders.

15- DIVIDENDS

On 18 Rajab 1445 AH, corresponding to 30 January 2024, the Ordinary General Assembly resolved to make dividends amounting to SAR 46.295 million of SAR 1.1 per share for the year ended 31 July 2023 (31 July 2023: SAR 42.087 million of SAR 1 per share).

16- BORROWINGS

Borrowings are as follows:

16-1 Borrowing from the Ministry of Finance

The Group obtained a long-term loan from the Ministry of Finance totaling SAR 21.2 million to finance the construction of the educational complex in the Al-Mansoura district. The loan is to be repaid in ten annual installments following a grace period of four years from the date of signing the agreement on October 29, 2014, with the final installment due on June 10, 2027. This loan facility was granted without any profit margin or commission.

Guarantees

These facilities are secured by a plot of land in Al-Salam District and a plot of land in Al Rawabi District in Riyadh amounting to SAR 21.2 million (31 July 2023: SAR 21.2 million) Note (5).

Movement of borrowing obtained with the Ministry of Finance during the year is set out below:

	31 July 2024	31 July 2023
Balance at beginning of the year	**7,615,200**	11,422,800
Paid during the year	**(1,903,800)**	(3,807,600)
Balance at end of the year	**5,711,400**	7,615,200

Movement of the present value of borrowing obtained with the Ministry of Finance is set out below:

	Note	**31 July 2024**	31 July 2023
Borrowing at end of the year		**5,711,400**	7,615,200
Less: deferred finance cost			
Balance at beginning of the year		**(1,043,613)**	(1,442,813)
Fiancne cost for the year	28	**339,016**	399,200
Balance at end of the year		**(704,597)**	(1,043,613)
Present value of borrowings at end of the year		**5,006,803**	6,571,587

(All amounts in saudi riyals unless otherwise stated)

16- BORROWINGS (CONTINUED)

16-2 Borrowing from local banks

The Group has signed Shariah-compliant facility agreements with several local banks in the form of Islamic Murabahas amounting to SAR 943,49 million.These facilities were granted with a profit margin and commission on the facilities determined at the rate of return on interbank borrowing in Saudi Arabia (SIBOR) plus a fixed percentage, these facilities are secured by land and properties amounting to SAR 164,76 million (31 July 2023: SAR 149,17 million) Note (5), and (10) promissory notes amounting to SAR 932,32 million, the agreements with banks contain Bank covenants and these covenants are monitored on a monthly basis by the management, in the event of a breach or possible breach of these covenants, actions are taken by the management to ensure that these covenants are fulfilled.

Movement of borrowings from local banks is set out below:

	Note	31 July 2024	31 July 2023
Balance at beginning of the year		**490,552,534**	480,808,635
Finance obtained during the year		**771,370,509**	393,698,750
Accrued finance cost	28	**33,727,301**	28,180,865
Paid during the year		**(680,223,425)**	(412,135,718)
Total borrowings from local banks at end of the year		**615,426,919**	490,552,532

Details of borrowings were presented in the consolidated statement of financial position as follows:

	31 July 2024	31 July 2023
Non-current portion of borrowings*	**346,255,441**	322,847,821
Current portion of borrowings*	**274,178,281**	174,276,298
	620,433,722	497,124,119

* Includes the borrowing from the Ministry of Finance (Note 16-1)

17- DEFERRED GOVERNMENT SUBSIDY INCOME

	Note	31 July 2024	31 July 2023
Balance at beginning of the year		**1,043,613**	1,442,813
Financial expenses during the year	16-1	**(339,016)**	(399,200)
		704,597	1,043,613
Deferred government subsidy income details are presrnted as follows:			
Non-current portion of deferred government subsidy income		**428,174**	704,599
Current portion of deferred government subsidy income		**276,423**	339,014
		704,597	1,043,613

(All amounts in saudi riyals unless otherwise stated)

18- EMPLOYEE END-OF-SERVICE BENEFITS

The system provides end-of-service benefits for all employees who complete the qualifying service period and are entitled to receive the amounts specified under the labor law for each year / period of such service.

The annual provision is based on an actuarial valuation. The valuation was carried out as of 31 July 2023, 31 July 2024 by the Group's management, using the projected unit credit method.

The actuarial assumptions used in calculating employee end-of-service benefits are as follows:

18-1 Principal actuarial assumptions

	31 July 2024	31 July 2023
Discount rate (% annum)	**5.25%**	5.25%
Salary increment rate (% annum)	**0.3%**	0.3%

18-2 Movement of the present value of defined benefit obligations:

	Note	31 July 2024	31 July 2023
Present value at beginning of the year		**59,526,191**	60,261,770
Current service cost		**8,729,642**	7,364,810
Interest cost	28	**2,427,107**	2,173,209
		11,156,749	9,538,019
Paid during the year		**(11,180,596)**	(12,465,490)
Actuarial losses		**2,542,508**	2,191,892
		62,044,852	59,526,191

	31 July 2024	31 July 2023
Less than a year	**18,644,128**	19,383,074
1-5 years	**41,470,823**	43,150,415
More than 5 years	**217,143,055**	225,905,113
	277,258,006	288,438,602

18-3 The sensitivity of the defined benefit obligations to changes in the weighted average of the principal assumptions is:

Principal Assumptions	Change In Assumption	31 July 2024	31 July 2023
Discount rate	+1%	**57,884,568**	54,526,399
	-1%	**66,238,232**	62,692,301
Salary increment rate	+1%	**66,445,140**	63,107,346
	-1%	**57,630,954**	55,933,181

The sensitivity analyses above are based on a change in one assumption while all other assumptions remain constant. In practice, this is unlikely to occur as some changes in some assumptions may be correlated with each other. When calculating the sensitivity of the employee end-of-service benefits to an actuarial assumption, the same method (the present value of the employees defined benefit obligations calculated using the projected unit credit method at the end of the reporting period) is applied when calculating the employee end-of-service benefit obligations recognized in the consolidated statement of financial position.

(All amounts in saudi riyals unless otherwise stated)

19- UNEARNED REVENUE

The balance amounting to 59,554,102 as of 31 July 2024 (31 July 2023: 36,084,127) is the total tuition fees received in advance for the academic year 2023/2024.

20- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 July 2024	31 July 2023
Accrued franchise rights	**4,831,529**	4,831,529
Accrued expenses	**4,823,753**	4,337,692
Accrued incentives and bonuses	**4,505,810**	11,911,930
Payable to parents	**2,088,138**	3,669,621
Accrued dividends	**278,439**	278,439
Deferred revenue	-	2,376,078
Value Added Tax	-	182,464
Creditors for purchase of non-controlling rights interest in subsidiaries	-	42,166,000
Other	**1,897,102**	2,726,678
	18,424,771	72,480,431

21- ZAKAT PROVISION

21-1 Zakat and Tax Status

21-1-1 Zakat Status

The Group submitted its zakat returns to the Zakat, Tax and Customs Authority ("the Authority") until the year ended 31 July 2023 and obtained a certificate from the Authority valid until 28 Jumada Al-Awwal 1446 AH, corresponding to 30 November 2024.

Ataa Educational Company ("the Parent Company") obtained the necessary regulatory approvals and the approval of the Authority to calculate Zakat according to the consolidated financial statements, where the Zakat provision is calculated on the basis of the consolidated Zakat base for the Parent Company and its subsidiaries and directly owned by 100% .

The company is currently under assessment for the years 2021, 2022, and 2023, and the assessment has not been completed as of the date of approval of the consolidated financial statements.

21-1-2 Tax Status

The group has submitted all VAT returns up to July 31, 2024, and has paid all the amounts due. A tax assessment was conducted for the years 2021 and 2022, resulting in a tax assessment difference of 50,446 Saudi Riyals, which has been fully paid.

(All amounts in saudi riyals unless otherwise stated)

21- ZAKAT PROVISION (CONTINUED)

21-2 Zakat provision movement

		31 July 2024	31 July 2023
Balance at beginning of the year		**4,358,879**	4,754,468
Charged for the the year		**1,779,563**	2,791,088
Zakat provision no longer required	27	**(34,932)**	-
Paid during the year		**(2,691,586)**	(3,186,677)
Balance at end of the year		**3,411,924**	4,358,879

22- REVENUE

		31 July 2024	31 July 2023
Tuition fees		**730,103,370**	669,273,835
Training courses revenue	32	**29,725,933**	37,714,006
Bus subscription revenue		**18,906,213**	17,593,905
Recruitment revenue	32	**2,270,321**	18,868,653
Others		-	1,206,277
Tuition fees discounts		**(114,526,358)**	(78,615,169)
		666,479,479	666,041,507

23- GOVERNMENT SUBSIDY INCOME

	Note	31 July 2024	31 July 2023
Subsidies by Human Resources Development Fund "HADAF"		**8,767,373**	11,642,270
Subsidies by Ministry of Education		**3,056,526**	2,273,825
Government subsidy income	17	**339,016**	399,200
		12,162,915	14,315,295

- The Ministry of Education grants the Group an annual subsidy according to the regulations specified by the Ministry and mainly linked to the budget allocated for that by the Ministry and the number of students enrolled in each school.

- The subsidy by Human Resources Development Fund (HADAF) is granted according to the agreement signed between the Group and the Fund based on a lump sum amount of the monthly salary for a certain period for the Saudi employees covered by the agreement.

(All amounts in saudi riyals unless otherwise stated)

24- COST OF REVENUE

	Note	31 July 2024	31 July 2023
Salaries and equivalents		**298,904,431**	307,682,742
Depreciation of right-of-use assets	6	**49,988,139**	53,883,470
Depreciation of property, plant and equipment	5	**29,369,591**	26,045,350
Government fees		**23,438,621**	18,466,405
Medical insurance		**17,023,314**	13,758,231
Electricity and water		**8,196,165**	7,705,026
Training course expenses		**7,588,713**	5,802,374
Repair and maintenance		**6,161,174**	6,257,334
Textbooks		**4,679,375**	5,451,060
Students' activity fees		**4,505,408**	4,581,938
Stationery and prints		**4,142,035**	4,269,849
Bus rental for student transportation		**4,027,077**	7,790,831
Security guards rent		**2,705,082**	2,062,732
Low-value leases	6	**2,574,304**	2,403,946
Amortization of intangible assets	7	**2,551,885**	2,551,885
Hired labor		**2,241,665**	1,983,419
Telephone, mail and internet		**1,708,044**	707,894
Hospitality and Cleaning		**1,068,015**	403,769
Adjustments to Lease liabilities	6	-	357,804
Others		**11,360,877**	12,951,776
		482,233,915	485,117,835

25- MARKETING EXPENSES

Those expenses represent the value of the marketing and promotion campaigns through the electronic platforms and the outdoor fixed and digital billboards that the Group uses to promote the services that the Group provides.

26- GENERAL AND ADMINISTRATIVE EXPENSES

	Note	31 July 2024	31 July 2023
Salaries and equivalents		**29,077,382**	48,547,488
Professional and consulting fees		**8,627,585**	3,461,185
Bank fees		**7,468,356**	6,389,010
Technical and computer support expenses		**4,694,948**	3,099,466
Government fees		**1,441,263**	3,236,752
Medical treatment and insurance		**1,410,555**	1,280,207
Stationery and prints		**445,757**	1,020,339
Telephone, mail and internet		**408,400**	173,631
Depreciation of property, plant and equipment	5	**257,974**	2,220,760
Hospitality and Cleaning		**256,160**	561,974
Low-value leases	6	**212,500**	-
Amortization of intangible assets	7	**364,372**	470,932
Repair and maintenance		**58,442**	30,396
Electricity and water		**27,839**	651,498
Others		**2,379,176**	3,227,108
		57,130,709	74,370,746

(All amounts in saudi riyals unless otherwise stated)

27- OTHER INCOME

	Note	31 July 2024	31 July 2023
Income from operating leases		**7,711,373**	10,138,329
Income from the sale of books		**1,745,361**	6,815,040
Income from the sale of uniform		**781,112**	539,442
Zalat provision no longer required	21-2	**34,932**	-
(Losses) / Gaines on derecognition of leases	6	**(238,993)**	2,204,880
Losses Gaines on derecognition of property, plant and equipment		**(582,391)**	(860,666)
Others		**3,367,156**	2,478,127
		12,818,550	21,315,152

28- FINANCE COSTS

	Note	31 July 2024	31 July 2023
Finance costs of borrowings from local banks	16-2	**33,727,301**	28,180,865
Interest on lease liabilities	6 - B	**26,547,719**	25,114,420
Interest on employee end-of-service benefits obligations	18	**2,427,107**	2,173,209
Finance cost of borrowings from the Ministry of Finance	16-1	**339,016**	399,200
		63,041,143	55,867,694

29- BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share was calculated by dividing the net income for the year attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding at the end of the year, which amounted to 42,087,215 (31 July 2023: 42,087,215). Diluted earnings per share are the same as basic earnings per share as the group has no dilutive instruments.

	31 July 2024	31 July 2023
Net income for the year attributable to shareholders of the parent company	**63,370,908**	67,786,016
Weighted average number of common stocks for the purpose of basic earnings per share	**42,087,215**	42,087,215
	1.51	1.61

30- CONTINGENCIES AND CAPITAL COMMITMENTS

	31 July 2024	31 July 2023
Capital commitments - projects under construction	**10,002,621**	72,381,864
	10,002,621	72,381,864

(All amounts in saudi riyals unless otherwise stated)

30- CONTINGENCIES AND CAPITAL COMMITMENTS (CONTINUED)

The following are the amounts of leases not recognized as right-of-use assets:

	31 July 2024	31 July 2023
Less than one year	**2,565,304**	660,000
	2,565,304	660,000

There are no lease payments due for more than one year because the group plans to have all the educational buildings either owned or leased under long-term lease contracts in the coming period, and as for the employees' housing, cash housing allowances will be granted to the employees instead of providing them with residential premises at the group's expense.

31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial liabilities include lease liabilities, borrowings, deferred government subsidy income, trade payables, and due to a related parties. The Group's main financial assets comprise of accounts receivable, prepaid expenses and other current assets due from related party, and cash and cash equivalents. The main financial risks for the Group's financial instruments are market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. Management reviews and approves policies to manage those risks.

31-1 Market Risk

It is the risk of fluctuation in a financial instrument due to changes in market prices, such as foreign exchange rates and interest rates, which 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 optimizing returns. There was no change in the Group's exposures, or the way market risk is managed and measured.

31-1-1 Interest Rate Risk

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

The trade receivables and payables of the Group that are measured at amortized cost are not subject to interest rate risk as defined in International Financial Reporting Standard (IFRS) 7, because their carrying value or future cash flows do not change due to changes in market interest rates. Therefore, the Group is not exposed to interest rate risk on fair value.

The Group's exposure to interest rate risk is as follows:

	31 July 2024	31 July 2023
Borrowings with variable interest rate	**615,426,920**	490,552,532
Borrowings with fixed interest rate	**5,006,802**	6,571,587

- All existing credit facilities are entered into with a governmental entity and local banks and Shariaompliant.

31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-1 Market Risk (Continued)

Sensitivity Analysis
The following table shows the income sensitivity to reasonably possible changes in interest rates, keeping all other variables constant. There is no direct impact on the Group's equity.

	Consolidated Statement of profit or loss			
	31 July 2024		31 July 2023	
	Increase 100 points	Reduce 100 points	Increase 100 points	Reduce 100 points
Borrowings with variable interest rate	6,154,269	(6,154,269)	4,905,525	(4,905,525)
Changes in cash flows	6,154,269	(6,154,269)	4,905,525	(4,905,525)

- There is no impact on the statement of changes in equity.

31-1-2 Foreign Currency Risk
Foreign currency risk is the risk of fluctuation in the value of financial instruments due to changes in foreign exchange rates. Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency other than the Saudi Arabian Riyal. The Group's management believes that it is not exposed to foreign currency risk because the majority of the Group's transactions are in Saudi Riyals and the Group believes that its exposure to foreign currency risk is limited as the Saudi Riyal is pegged to the US Dollar. Management monitors the risks of exchange rate volatility closely and continuously, and based on its experience and market feedback, management does not believe that it is necessary to hedge against foreign currency risk as most of the foreign currency risks are relatively limited in the medium term.

31-2 Credit Risk
Credit risk is the risk that one party will fail to meet its obligations, resulting in financial losses for the other party. The Group does not have a significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Receivables and other receivables are mainly due from customers in the local market and are shown at their recoverable values. The Group has policies in place to reduce its exposure to credit risk. The carrying values of financial assets represent the maximum credit risk exposure.

The following are the credit ratings of the banks that the Group deals with and banks credit ratings accroding to Moody's.

A) Cash at banks

Credit Rating	31 July 2024	31 July 2023
A1	13,161	12,647
A2	85,410,973	38,860,987
	85,424,134	38,873,634

(All amounts in saudi riyals unless otherwise stated)

31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-2 Credit Risk (Continued)

B) Account Receivables

31 July 2024	Gross Accounts Receivable	ECL	ECL Rate
Less than 1 year	**70,008,926**	**1,293,508**	**1.8%**
1 year and less than 2 years	**29,032,161**	**9,371,309**	**32%**
2 year and less than 3 years	**8,328,319**	**4,850,075**	**58%**
3 year and less than 4 years	**3,542,766**	**2,611,010**	**74%**
More than 4 years	**11,306,280**	**9,447,456**	**84%**
Total	**122,218,452**	**27,573,358**	

31 July 2023	Gross Accounts Receivable	ECL	ECL Rate
Less than 1 year	77,187,409	6,202,824	8%
1 year and less than 2 years	13,993,181	1,148,532	8%
2 year and less than 3 years	8,413,728	1,262,678	15%
3 year and less than 4 years	10,321,476	2,011,219	19%
More than 4 years	14,024,307	6,373,204	45%
Total	123,940,092	16,998,457	

- Management believes that it is able to collect the receivables because it has the students' files and the students cannot transfer to another school or leave the school without referring to the company and paying all the amounts due until the student can obtain his educational file and get a clearance from the school.

- Receivables are stated net of allowance for impairment and the provision for expected credit losses is calculated according to the simplified approach prescribed by International Financial Reporting Standard (IFRS) 9 "Financial Instruments".

- Default in the consolidated financial statements is when the counterparty fails to pay the contractual payments within four years from the due date and the reason for the decrease in the ECL rate for liabilities that exceed four years of age is due to collections in the subsequent period for balances of parents transferred from four years or more.

C) Due from related paries

	31 July 2024	31 July 2023
Charged for the the year	**2,328,085**	-

31-3 Liquidity Risk

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

(All amounts in saudi riyals unless otherwise stated)

31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-3 Liquidity Risk (Continued)

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

	31 July 2024				
	Carrying Value	**Less Than 1 Year**	**1 Year To 5**	**More Than 5 Years**	**Undiscounted Value**
Lease liabilities	531,145,863	39,916,360	153,109,335	563,339,752	756,365,447
Borrowings	620,433,722	274,178,281	300,255,441	46,704,597	621,138,319
Deferred government subsidy income	704,597	276,423	428,174	-	704,597
Unearned revenue	59,554,102	59,554,102	-	-	59,554,102
Trade payables	10,144,137	10,144,137	-	-	10,144,137
Accrued expenses and other current liabilities	27,489,830	27,489,830	-	-	27,489,830
Due to related parties	4,378,686	4,378,686	-	-	4,378,686
	1,253,850,937	415,937,819	453,792,950	610,044,349	1,479,775,118

	31 July 2023				
	Carrying Value	Less Than 1 Year	1 Year To 5	More Than 5 Years	Undiscounted Value
Lease liabilities	548,924,457	42,220,891	216,976,647	542,018,550	801,216,088
Borrowings	497,124,119	174,276,298	267,614,579	56,276,855	498,167,732
Deferred government subsidy income	1,043,613	339,014	704,599	-	1,043,613
Unearned revenue	36,084,127	36,084,127	-	-	36,084,127
Trade payables	16,306,260	16,306,260	-	-	16,306,260
Accrued expenses and other current liabilities	72,480,431	72,480,431	-	-	72,480,431
Due to related parties	786,479	786,479	-	-	786,479
	1,172,749,486	342,493,500	485,295,825	598,295,405	1,426,084,730

(All amounts in saudi riyals unless otherwise stated)

31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-4 Capital Risk Management

The Board's policy is to maintain a sufficient and strong capital base to preserve the confidence of investors, creditors, and the market and to sustain the future development of the business. The Board monitors the return on capital employed to ensure that the Group has the ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders.

Debt is defined as long-term and short-term borrowings (Note 16):

	31 July 2024	31 July 2023
Total liabilities	**1,310,242,654**	1,236,634,556
Less : cash and cash equivalents	**(85,599,869)**	(39,493,187)
Net debt	**1,224,642,785**	1,197,141,369
Total equity	**865,095,720**	846,814,993
Debt to equity ratio	**1.42**	1.41

31-5 Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. Fair value measurement assumes that the sale of the asset or transfer of the liability will take place either:

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

The principal or most advantageous market must be accessible by the group.

The fair value of an asset or liability is measured using the assumptions that market participants use when pricing the asset or liability, assuming that market participants act in their best economic interests.

The fair value measurement of a non-financial asset considers the ability of market participants to generate economic benefits by using the asset for the best benefit, or by selling it to another market participants for the best benefit.

Fair value measurement of a non-financial asset considers the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs.

(All amounts in saudi riyals unless otherwise stated)

31- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

31-5 Fair Value (Continued)

All assets and liabilities whose fair values are measured or disclosed at their fair values in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1: Prices that are quoted in active markets for identical assets or liabilities.
- Level 2: Other valuation techniques in which the lowest level of significant inputs is observable directly or indirectly to the fair value measurement.
- Level 3: Other valuation techniques in which the lowest level of inputs that are significant are not observable to the fair value measurement.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amount of the financial assets that cannot be measured at fair value approximates their fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

32- SEGMENT REPORTING

The Group's main activity is to establish private and international schools, kindergartens, primary, intermediate and secondary schools for boys and girls in Riyadh region, mediating in employing Saudis, online recruitment agencies, activities of temporary employment agencies for expatriate labor services, providing other human resources, owning, managing, operating and establishing training institutes and higher training institutes. The information relating to the Group's operating segments shown below is the one that is regularly raised to the Group's operational decision-makers and stated as follows:

- Education Segment: This segment is engaged in establishing and managing private, international, French and Indian schools.
- Training Segment: This segment is engaged in creating and operating training institutes.
- Recruitment Segment: This segment is engaged inmediating in employing Saudis and online recruitment agencies.

	31 July 2024			
	Education Segment	**Training Segment**	**Recruitment Segment**	**Total**
Revenue (Note 22)	634,483,225	29,725,933	2,270,321	666,479,479
Government subsidy income (Note 23)	11,196,340	691,000	275,575	12,162,915
Cost of revenue (Note 24)	(441,398,856)	(34,119,151)	(6,715,908)	(482,233,915)
Gross profit	204,280,709	(3,702,218)	(4,170,012)	196,408,479
Property, plant and equipment (Note 5)	849,279,741	39,581,452	565,873	889,427,066
Depreciation of property, plant and equipment (Note 5)	(27,254,313)	(1,740,616)	632,636	29,627,565

(All amounts in saudi riyals unless otherwise stated)

32- SEGMENT REPORTING (CONTINUED)

	31 July 2023			
	Education Segment	Training Segment	Recruitment Segment	Total
Revenue (Note 22)	609,458,848	37,714,006	18,868,653	666,041,507
Government subsidy income (Note 23)	11,222,599	840,850	2,251,846	14,315,295
Cost of revenue (Note 24)	(422,831,852)	(33,009,106)	(29,276,877)	(485,117,835)
Gross profit	197,849,595	5,545,750	(8,156,378)	195,238,967
Property, plant and equipment (Note 5)	796,271,486	38,055,854	1,206,245	835,533,585
Depreciation of property, plant and equipment (Note 5)	24,576,619	1,815,042	1,874,449	28,266,110

- Due to the nature of the group's activity and its management structure, it is not possible to practically allocate other assets and liabilities items to different operating segments.

31 July 2024

	Education Segment	**Training Segment**	**Recruitment Segment**	**Total**
Timing of Revenue Recognition:				
At some point in time	-	**29,725,933**	**2,270,321**	**31,996,254**
Over time period	**634,483,225**	-	-	**634,483,225**
Total revenue	**634,483,225**	**29,725,933**	**2,270,321**	**666,479,479**

31 July 2023

	Education Segment	Training Segment	Recruitment Segment	Total
Timing of Revenue Recognition:				
At some point in time	-	37,714,006	18,868,653	56,582,659
Over time period	609,458,848	-	-	609,458,848
Total revenue	609,458,848	37,714,006	18,868,653	666,041,507

33- NON-CASH TRANSACTIONS

	Note	31 July 2024	31 July 2023
Addition of right-of-use assets against lease liabilities	6	**28,132,223**	78,023,156
Transferred from Property, plant and equipment to Non-current assets held for sale	5	**36,477,040**	-

(All amounts in saudi riyals unless otherwise stated)

34- ADJUSTMENTS OF COMPARATIVE YEARS

(1) Interim Consolidated Statement of Financial Position as of 1 August 2022:

Item	Balance before adjustment	adjustments debit/(credit)	Reclassifications debit/(credit)	Balance after adjustment
Non-Current Assets				
Intangible assets	621,524,338	(10,805,284)	(581,088,182)	29,630,872
Goodwill	-	(45,543,793)	581,088,182	535,544,389
Total assets	2,127,592,135	(56,349,077)	-	2,071,243,058
Equity				
Statutory reserve	(41,756,561)	3,812,100	-	(37,944,461)
Retained earnings	(130,149,649)	34,308,900	-	(95,840,749)
Non-Controlling Interest	(78,916,954)	18,228,077	-	(60,688,877)
Total equity	(938,562,561)	56,349,077	-	(882,213,484)

Reclassification of goodwill as a separate item in the financial statements and unification of the policy for treating non-controlling interests across the group's companies. Goodwill is excluded from the identifiable acquired assets of the Arabian Education and Training Group Holding Company, in exchange for excluding the acquisition gains on the acquired company.

The following are the adjustments and classifications on the opening balances as follows:

(2) Consolidated Statement of Financial Position as of 31 July, 2023:

Item	Balance before adjustment	adjustments debit/(credit)	Reclassifications debit/(credit)	Balance after adjustment
Non-Current Assets				
Intangible assets	600,273,444	-	(573,665,389)	26,608,055
Goodwill	-	(38,121,000)	(573,665,389)	535,544,389
Total Non-Current Assets	1,919,510,006	(38,121,000)	-	1,881,389,006
Prepaid expenses and other current assets	49,218,978	-	(2,245,889)	46,973,089
Due from related party	-	-	2,245,889	2,245,889
Total assets	2,121,570,549	(38,121,000)	-	2,083,449,549
Equity				
Statutory reserve	(48,535,163)	3,812,100		(44,723,063)
Retained earnings	(90,871,266)	34,308,900	-	(56,562,366)
Retained earnings	(884,935,993)	38,121,000	-	(846,814,993)
Total equity				

(All amounts in saudi riyals unless otherwise stated)

34- ADJUSTMENTS OF COMPARATIVE YEARS (CONTINUED)

(2) Consolidated Statement of Financial Position as of 31 July, 2023 (Continued)

Reclassification of goodwill as a separate item in the financial statements and the reclassification of SAR 617,146 from goodwill to intangible assets, along with the exclusion of goodwill from the identifiable acquired assets of the Arab Group for Education and Training Holding Company, in exchange for excluding acquisition gains on the acquired company. And An amount of SAR 2,245,889 was reclassified from prepaid expenses and other current assets to Due from a related party.

(3) Consolidated Statement of Cash Flows for the year ended 31 July, 2023:

Item	Balance before adjustment	adjustments debit/(credit)	Reclassifications debit/(credit)	Balance after adjustment
cash flows from operating activities				
Prepaid expenses and other current assets	(16,207,389)	-	2,245,889	(13,961,500)
Due from related party	336,110	-	(2,245,889)	(1,909,779)

35- SUBSEQUENT EVENTS

Ataa Educational Company signed a partnership agreement with Buckswood International Educational Company to invest in the educational sector in the Kingdom. As part of this, a new company, Buckswood Riyadh School for Education, was established as a "limited liability company" with a capital of SAR 100,000. Ataa Educational Company holds an 80% stake, while Buckswood International Educational Company owns 20%. The company will be headquartered in Riyadh, Saudi Arabia, as of August 1, 2024.

36- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31 July 2024, were approved by the Board of Directors on 30 Safar 1446 AH corresponding to 3 September 2024 AD.