

**Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Consolidated financial statements
and independent auditor's report
for the year ended 31 December 2023**

**Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Consolidated financial statements
and independent auditor's report
for the year ended 31 December 2023**

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Independent auditor's report to the shareholders of Rasiyat Holding Company K.P.S.C.

Report on the audit of the consolidated financial statements

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rasiyat Holding Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group"), as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

Basis for qualified opinion

Investment properties of KD 6,287,360 at 31 December 2023 represent undeveloped plots of lands located in the Arab Republic of Syria ("Syria"). The management of the Group appointed two external licensed valuers in Syria to value the plots of lands, based on the market approach method. Due to insufficient reliable information available on the real estate market and economy in Syria we were unable to satisfy ourselves as to the fair values of the plots of lands at 31 December 2023 and whether any adjustments that may be required to the carrying amount of the plots of lands as at that date.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

PricewaterhouseCoopers Al-Shatti & Co.

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Independent auditor's report to the shareholders of Rasiyat Holding Company K.P.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Key Audit Matter	<ul style="list-style-type: none"> • Expected credit loss on trade receivables • Applicability of IFRIC 12 - Service Concession Arrangements "IFRIC 12"
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Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit loss on trade receivables</p> <p>At the end of each reporting period, management conducts an assessment of the recoverability of the Group's trade receivables to determine whether any receivables need to be provided for. This assessment is considered to be a key audit matter due to the significant judgment required in determining expected credit losses.</p> <p>As at 31 December 2023, the Group had gross outstanding receivables of KD 2,215,770 (2022: KD 1,786,430) including an outstanding receivable of KD 1,801,090 (2022: KD 1,356,708) from private universities council.</p> <p>As at 31 December 2023, expected credit loss of KD 355,861 (2022: KD 343,199) is maintained against trade receivables.</p> <p>Refer to Notes 4.1 and 11 to the consolidated financial statements for the related disclosures.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the Expected Credit Loss (ECL) model prepared by management. • Reviewing management judgments and assumptions including the following: <ul style="list-style-type: none"> - calculating the roll rate percentages - calculating the default rate percentages - determining average default rates - scaling default rates to loss rates - determining the final ECL provision using loss rates • Assessing the adequacy of the expected credit loss allowance. • Evaluating the adequacy of the disclosures in Notes 4.1 and 11 to the consolidated financial statements.



Independent auditor's report to the shareholders of Rasiyat Holding Company K.P.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Applicability of IFRIC 12 - Service Concession Arrangements "IFRIC 12"

The Group operates a private college on land provided by the government under a 20 year lease executed with a subsidiary. Under the terms of this lease arrangement, the Group's subsidiary was obligated to construct a technical college and then operate it with regulated fees for a 20 year term, handing it back to the government for no consideration at the end of the term. A feature of such service arrangements is the public service nature of the obligation undertaken by the operator.

Management has considered the following critical judgements and assumptions in their assessment of the accounting treatment that is applicable to this arrangement:

- (i) There is no specific regulation over who the services should be provided to,
- (ii) The Group retains control over its admission process and courses offered by the technical College,
- (iii) The college is a tertiary education institution.

Therefore, management views that there is no specific public service obligation inherent in this arrangement and has made the judgement that IFRIC 12 is not applicable.

Group concluded that accounting for the lease of the land and the associated assets of the college as a lease, property, plant and equipment, and a licence is appropriate.

This is considered to be a key audit matter due to the significance of this matter to the overall audit of the consolidated financial statements, including the significant judgements applied.

Refer to Notes 3, 5, 7 and 8 to the consolidated financial statements for the related disclosures.

Our audit procedures included:

- Reviewing the lease contract with the government
- Reviewing management judgments and assumptions made to conclude on the accounting treatment for this contract
- Involving our experts to assess the judgement made by the management
- Evaluating the adequacy of the disclosures in Notes 3, 5, 7 and 8 to the consolidated financial statements.

Independent auditor's report to the shareholders of Rasiyat Holding Company K.P.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the report of the Board of Directors (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's complete Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the Companies' Law no. 1 of 2016 and its executive regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Independent auditor's report to the shareholders of Rasiyat Holding Company K.P.S.C. (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



Independent auditor's report to the shareholders of Rasiyat Holding Company K.P.S.C. (continued)

Report on other legal and regulatory requirements

Furthermore, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, except for the matter described in the Basis for qualified opinion section of our report, we obtained all information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, its executive regulation and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, its executive regulation nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2023 that might have had a material effect on the business of the Group or on its consolidated financial position.

Moreover, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, we further report that during the course of our audit, we have not become aware of any violations of Law No. 7 of 2010 pertaining to the Establishment of the Capital Markets Authority and the Regulation of Securities' Activity and subsequent amendments thereto and its executive bylaws during the year ended 31 December 2023 that might have had a material effect on the business of the Group or on its consolidated financial position.

A handwritten signature in blue ink, appearing to read 'Khalid Ebrahim Al-Shatti', is written over a horizontal line.

Khalid Ebrahim Al-Shatti
License No. 175
PricewaterhouseCoopers (Al-Shatti & Co.)


28 March 2024
Kuwait

Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait

Consolidated statement of financial position
As at 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022 (restated) Note 26	2021 (restated) Note 26
ASSETS				
Non-current assets				
Property, plant and equipment	7	6,897,266	7,131,167	7,530,813
Intangible assets	8	402,777	444,444	486,111
Investment properties	9	6,287,360	7,586,511	7,192,172
Investments in associate		10,737	15,879	18,514
Financial asset at fair value through profit or loss	10	312,436	293,580	317,141
Financial asset at fair value through other comprehensive income		11,857	11,857	53,398
		<u>13,922,433</u>	<u>15,483,438</u>	<u>15,598,149</u>
Current assets				
Financial asset at fair value through profit or loss	10	69,565	46,421	51,233
Trade and other receivables	11	2,042,368	1,752,928	1,383,484
Cash and cash equivalents	12	2,048,275	152,380	654,116
		<u>4,160,208</u>	<u>1,951,729</u>	<u>2,088,833</u>
Asset held for sale	24	139,079	-	-
Total assets		<u>18,221,720</u>	<u>17,435,167</u>	<u>17,686,982</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	15,000,000	15,000,000	15,000,000
Statutory reserve	13	-	-	751,821
Voluntary reserve	13	-	-	751,821
Change in fair value reserve		-	-	(257,493)
Accumulated losses		(3,564,935)	(4,171,693)	(5,624,885)
Equity attributable to equity holders of the Parent				
Company		11,435,065	10,828,307	10,621,264
Non-controlling interests	24	3,297,466	3,520,825	3,346,165
Net equity		<u>14,732,531</u>	<u>14,349,132</u>	<u>13,967,429</u>
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		295,565	208,313	152,485
Bank borrowing	14	1,886,350	1,491,050	2,033,250
Accounts payable and other liabilities	15	295,079	323,351	370,576
		<u>2,476,994</u>	<u>2,022,714</u>	<u>2,556,311</u>
Current liabilities				
Bank borrowing	14	593,054	542,200	542,200
Accounts payable and other liabilities	15	419,141	521,121	621,042
		<u>1,012,195</u>	<u>1,063,321</u>	<u>1,163,242</u>
Total liabilities		<u>3,489,189</u>	<u>3,086,035</u>	<u>3,719,553</u>
Total equity and liabilities		<u>18,221,720</u>	<u>17,435,167</u>	<u>17,686,982</u>


Meshari Ayman Abdullah Boodai
Chairman


Saleh Mohammad Alroomi
General Manager

The accompanying notes set out on pages 11 to 50 form an integral part of these consolidated financial statements.

**Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Consolidated statement of income
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022 (restated) Note 26
Income			
Tuition fees - revenue	3.20	4,225,258	3,182,458
Management fees		9,000	9,000
Change in fair value of investment properties	9	16,050	394,339
Change in fair value of financial assets at fair value through profit or loss		204,186	49,712
Share of results of investment in an associate	3.1	(4,941)	(3,135)
Foreign exchange (loss) / gain		(13,520)	13,984
Gain on loan modification		35,872	-
Other income	18	83,033	119,485
		4,554,938	3,765,843
Expenses			
Direct cost of tuition fees	16	(2,300,078)	(2,086,595)
General and administrative expenses	17	(558,022)	(366,720)
Net impairment losses on financial assets	4.1	(12,221)	-
Depreciation	7	(790,592)	(723,630)
Amortisation of intangible assets	8	(41,667)	(41,667)
Finance costs		(165,940)	(145,825)
Property and equipment written off		-	(1,919)
Loss on sale of subsidiary	24	(41,676)	-
		(3,910,196)	(3,366,356)
Profit before contribution to National Labour Support Tax ("NLST") and Zakat			
		644,742	399,487
Contribution to National Labour Support Tax ("NLST")	3.22	(18,345)	(12,584)
Contribution to Zakat	3.22	(9,227)	(5,200)
Profit for the year		617,170	381,703
Attributable to:			
Equity holders of the Parent Company		606,758	207,043
Non-controlling interests		10,412	174,660
Profit for the year		617,170	381,703
Basic and diluted earning per share (fils)	19	4.05	1.38

The accompanying notes set out on pages 12 to 52 form an integral part of these consolidated financial statements.

Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait

Consolidated statement of comprehensive income
For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022 (restated)
		<u>2023</u>	<u>Note 26</u>
Profit for the year		617,170	381,703
Other comprehensive income		-	-
Total comprehensive income for the year		617,170	381,703
Attributable to:			
Equity holders of the Parent Company		606,758	207,043
Non-controlling interests		10,412	174,660
Total comprehensive income for the year		617,170	381,703

The accompanying notes set out on pages 12 to 52 form an integral part of these consolidated financial statements.

**Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Consolidated statement of changes in equity
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Equity attributable to the owners of the Parent Company						Sub-total	Non-controlling interests	Total equity
	Share capital	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Accumulated losses			
Previously reported balance at 1 January 2022	15,000,000	751,821	751,821	1,493,489	(1,391,150)	(5,247,030)	11,358,951	3,397,568	14,756,519
Correction of errors (note 26)	-	-	-	(1,493,489)	1,133,657	(377,855)	(737,687)	(51,403)	(789,090)
Restated at 1 January 2022	15,000,000	751,821	751,821	-	(257,493)	(5,624,885)	10,621,264	3,346,165	13,967,429
Profit for the year	-	-	-	-	-	207,043	207,043	174,660	381,703
Total comprehensive income for the year	-	-	-	-	-	207,043	207,043	174,660	381,703
Transfer of reserves to accumulated losses	-	(751,821)	(751,821)	-	-	1,503,642	-	-	-
Transfer upon de-recognition of FVOCI investments	-	-	-	-	257,493	(257,493)	-	-	-
At 31 December 2022 (restated) (note 26)	15,000,000	-	-	-	-	(4,171,693)	10,828,307	3,520,825	14,349,132
Previously reported balance at 1 January 2023	15,000,000	-	-	1,481,669	(1,146,104)	(3,610,004)	11,725,561	3,587,321	15,312,882
Correction of errors (note 26)	-	-	-	(1,481,669)	1,146,104	(561,689)	(897,254)	(66,496)	(963,750)
Restated at 1 January 2023	15,000,000	-	-	-	-	(4,171,693)	10,828,307	3,520,825	14,349,132
Profit for the year	-	-	-	-	-	606,758	606,758	10,412	617,170
Total comprehensive loss for the year	-	-	-	-	-	606,758	606,758	10,412	617,170
Dividend paid by subsidiary	-	-	-	-	-	-	-	(99,491)	(99,491)
Disposal of a subsidiary (note 24)	-	-	-	-	-	-	-	(134,280)	(134,280)
At 31 December 2023	15,000,000	-	-	-	-	(3,564,935)	11,435,065	3,297,466	14,732,531

The accompanying notes set out on pages 12 to 52 form an integral part of these consolidated financial statements.

**Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Consolidated statement of cash flows
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

	Notes	2023	2022 (restated)
Operating activities			
Profit before contribution to National Labour Support Tax ("NLST") and Zakat		644,742	399,487
<i>Adjustments:</i>			
Depreciation	7	790,592	723,630
Amortisation of intangible assets	8	41,667	41,667
Property and equipment written off		-	1,919
Loss on sale of subsidiary		41,676	-
Impairment of investment in associate		201	-
Change in fair value of investment properties		(16,050)	(394,339)
Change in fair value of financial asset at fair value through profit or loss		(204,186)	(49,712)
Interest expense		165,940	145,825
Gain on loan modification		(35,872)	-
Net impairment losses on financial assets	4.1	12,221	-
Foreign exchange (loss) / gain		13,520	(13,984)
Group's share in associate's results		4,941	3,135
Employees' end of service benefits		92,815	66,158
		<u>1,552,207</u>	<u>923,786</u>
Changes in working capital			
Trade and other receivables		(301,661)	(312,741)
Trade and other payables		278,945	(150,491)
Cash flows generated from operations		<u>1,529,491</u>	<u>460,554</u>
National Labour Support Tax paid		(12,684)	(10,832)
Zakat Paid		(5,200)	(4,333)
Employees' end of service benefits paid		(5,563)	(10,330)
Net cash flows generated from operating activities		<u>1,506,044</u>	<u>435,059</u>
Investing activities			
Purchase of property, plant and equipment	7	(556,691)	(325,903)
Proceeds from sale of financial asset at fair value through other comprehensive income		-	16,733
Proceeds on disposal of subsidiary	24	607,996	-
Payment for investment in associate		-	(500)
Investment income received		162,186	43,571
Net cash flows generated from / (used in) investing activities		<u>213,491</u>	<u>(266,099)</u>
Financing activities			
Addition of term borrowing		1,000,000	-
Payment of term borrowing		(542,200)	(542,200)
Dividends paid to non-controlling interests		(99,491)	-
Lease liabilities paid		(26,715)	(26,715)
Interest expense paid		(141,714)	(115,765)
Net cash flows generated from / (used in) financing activities		<u>189,880</u>	<u>(684,680)</u>
Net increase / (decrease) in cash and cash equivalents		<u>1,909,415</u>	<u>(515,720)</u>
Effects of exchange rate changes on cash and cash equivalents		(13,520)	13,984
Cash and cash equivalents at beginning of the year		152,380	654,116
Cash and cash equivalents at end of the year	12	<u>2,048,275</u>	<u>152,380</u>

The accompanying notes set out on pages 12 to 52 form an integral part of these consolidated financial statements.

**Notes to the consolidated financial statements
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. INCORPORATION AND ACTIVITIES

Rasiyat Holding Company K.P.S.C. (the "Parent Company") was incorporated on 3 December 2005 as a Kuwaiti Shareholding Company. The General Assembly meeting for establishment of the Parent Company was held at the Ministry of Commerce and Industry on 14 December 2005. The Parent Company's shares were listed on the Boursa Kuwait Securities Company on 23 March 2010.

The Parent Company's objectives are as follows:

- Extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trade marks or royalties and any other property related thereto, and renting such properties to the others whether inside Kuwait or abroad.
- Acquisition of properties and buildings necessary to carry out the business activities as allowable by the law.
- Ownership of shares in Kuwaiti and foreign shareholding companies in addition to ownership of shares in Kuwaiti and foreign limited liability companies and the participation in the share capital of both types of companies including management, lending and guaranteeing against third parties.
- Utilizing excess funds through investing in financial portfolios managed by specialized companies and institutions.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Group comprises the Parent Company and its subsidiaries.

In all cases, the Parent Company is governed in all its activities by Islamic Sharia'a and all activities which are in compliance of Islamic Sharia'a board are obligatory to the Parent Company.

The address of the Parent Company's registered office is PO Box 4425, Safat 13045, State of Kuwait.

The consolidated financial statements for the year ended 31 December 2023 were authorised for issuance by the Board of Directors of the Parent Company on 28 March 2024 and are subject to the approval of the Annual General Assembly of the shareholders. The shareholders of the Parent Company have the power to amend the consolidated financial statements at the Annual General Assembly meeting.

**Rasiyat Holding Company K.P.S.C.
and its subsidiaries
State of Kuwait**

**Notes to the consolidated financial statements
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. INCORPORATION AND ACTIVITIES (CONTINUED)

The consolidated financial statements include the financial information of the Parent Company and its subsidiaries (together referred to as the "Group"):

<u>Name</u>	<u>Shareholding interest (%)</u>		<u>Activity</u>	<u>Country of incorporation</u>
	<u>2023</u>	<u>2022</u>		
<u>Direct Subsidiaries</u>				
Al-Janzour Real Estate Company S.P.C.	100	100	Real estate	Kuwait
Casablanca Real Estate Company Ltd* (Casablanca)	48.29	48.29	Real estate	Cayman Islands
Dream Real Estate Company Ltd* (Dream)	47.09	47.09	Real estate	Cayman Islands
SARL EL Awras El Khalijia Promotion Immo Morocco North Africa Holding Company Ltd.	100	100	Real estate	Algeria
Al-Siraj Group Holding Company K.S.C.(Closed) (Siraj)	100	100	Real estate	Morocco
Rawaj Holding Company K.S.C. (Closed) (Rawaj)	93.10	93.10	Education	Kuwait
	54.49	54.49	Real estate	Kuwait
<u>Indirect Subsidiaries</u>				
Total Facilities for Public Facilities Management S.P.C.	93.10	93.10	Trading	Kuwait
Kuwait Technical College Company S.P.C.	93.10	93.10	Education	Kuwait
Dream Building SARL	-	85	Real estate	Morocco

* The Group considers that it controls the above mentioned companies even though it owns less than 50% ownership. This is because the Group exercise control over these companies through 100% ownership of voting shares. When determining control, management considered whether the Group has the practical ability to direct the relevant activities of these companies on its own to generate returns for itself. Management concluded that it has the power based on its ability to appoint and remove the majority of the Board of Directors at any time, without restrictions. The Group, therefore, accounts for these investments as subsidiaries, consolidating their financial results for the reporting period.

**Notes to the consolidated financial statements
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

2. BASIS OF PREPARATION

(a) Compliance with IFRS Accounting Standards

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the Companies Law No. 1 of 2016 and its executive regulations. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, investment properties that are measured at fair value, asset held for sale that is measured at the lower of carrying amount and fair value less costs to sell, defined benefit obligations measured at present value of future obligations using the Projected Unit Credit Method and lease liabilities at present value of future lease payments. The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the Parent Company's functional and presentation currency.

2. BASIS OF PREPARATION (Continued)

2.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts.
- Definition of Accounting Estimates – amendments to IAS 8.
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. There are no other standards or amendments that are effective and that would have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**Notes to the consolidated financial statements
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied 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 Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associate

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit and loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, is recognised immediately in the consolidated statement of income in the period in which the investment is acquired.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

**Notes to the consolidated financial statements
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Principles of consolidation and equity accounting (continued)

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of income.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.2 Foreign currencies translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Kuwaiti Dinars (KD) which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of income as a separate line item.

**Notes to the consolidated financial statements
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currencies translation (continued)

(b) Transactions and balances

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of income, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

3.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	16 years
Buildings on leasehold land	16 years
Computers and software	3-5 years
Furniture and fixtures	5 years
Decoration, office equipment and machines	5 years
Library	2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal (if any) are determined by comparing the proceeds with the carrying amounts and are recognised within the consolidated statement of income.

**Notes to the consolidated financial statements
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(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets

Intangible assets representing licenses acquired that is initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is calculated using the straight-line method to allocate the cost of The right to license for the establishment and operation of a technical college over their estimated useful lives of 16 years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income.

3.5 Investment properties

Investment properties are properties held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group.

Investment property are initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment properties are the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In the absence of current prices in an active market, the Group considers information from a variety of sources, including:

- a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and
- b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Market value of the Group's investment properties are determined based on reports of independent appraisers, who hold recognised and relevant professional qualifications and who have recent experience in the valuation of property in the same location and category. Gains and losses resulting from changes in the fair value of investment properties are recorded in profit or loss for the year and presented separately. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Notes to the consolidated financial statements
For the year ended 31 December 2023

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.7 Financial assets

3.7.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

3.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**Notes to the consolidated financial statements
For the year ended 31 December 2023**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

3.7.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at amortised cost.

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the consolidated statement of income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income. Impairment losses are presented as separate line item in the consolidated statement of income. Financial assets at amortised cost comprise of "trade and other receivables" and "bank balances and cash".
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the consolidated statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the consolidated statement of income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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 OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of income following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Notes to the consolidated financial statements
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(All amounts are in Kuwaiti Dinars unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

3.7.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For 'trade and other receivables' the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For cash and cash equivalents and other receivables, they are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3.8 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

3.9 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank balances, time deposits with an original maturity of less than three months.

3.10 Assets held for sale and discontinued operations

The Group classifies assets as held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management may extend the period to complete the sale beyond one year, if the delay is beyond the Parent Company's control and there is sufficient evidence that the Parent Company remains committed to its plan to sell the assets.

Property, plant and equipment are not depreciated once classified as held for sale. Assets and liabilities classified as held for sale presented separately as current items in the consolidated statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as single amount as profit or loss after tax from discontinued operation in the consolidated statement of income.

3.11 Employees' end of service benefits

The Group is liable under Kuwaiti Labour Law, to make payments to the employees for end of service benefits through defined benefits plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and has been computed as the amount payable as a result of involuntary termination of the Group's employees on the financial position date. The Group expects this method to produce a reliable approximation of the present value of this obligation. With respect to its national employees, the Group makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition the financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The Group classifies its financial liabilities as borrowing and trade payables and other payables. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.13 Offsetting financial instruments

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

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of borrowings are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

3.15 Trade payables and other liabilities

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

3.17 Dividends

Appropriation is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.18 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

**Notes to the consolidated financial statements
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed, unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

3.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided. The main source of revenue is tuition fees from the college. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

In case the customer pays the fixed amount based on a payment schedule. If the services rendered by the center exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. Revenue is recognised when or as performance obligations are satisfied by transferring control of goods/services to a customer.

Revenue is recognised in accordance with the five-step model as stipulated in IFRS 15:

1. Identify contracts with customers: A contract is an agreement which creates enforceable rights and obligations and sets out criteria that must be met.
2. Identify performance obligations within a contract: A performance obligation is a promise to deliver goods or services to a customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for delivering the promised goods to a customer.
4. Allocate the transaction price to the performance obligations.
5. Recognize revenue as and when the Group satisfies performance obligations.

Tuition fee

Services are recognised as a performance obligation satisfied over time. Revenue represents tuition fees earned against the services rendered and income from any other incidental services less any discounts

Notes to the consolidated financial statements
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Leases

The Group leases a land from the government. Rental contract is made for a fixed period of 20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

The lease payments are discounted using, the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms 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 Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

**Notes to the consolidated financial statements
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less.

3.22 Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat

KFAS, NLST and Zakat are provided in accordance with fiscal regulations in Kuwait.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor these business risks through the Group's strategic planning process. The Parent Company's management reviews and agrees policies for managing each of these risks which are summarised below.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of, foreign currency risk, equity price risk and interest rate risk.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) Market risk (continued)

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates that affects the Group's cash flows or the valuation of the monetary assets and liabilities denominated in foreign currency. The Group is exposed to foreign currency risks resulting mainly from the Group's dealings in financial assets denominated in foreign currencies. The Group has set policies for the management of foreign exchange risk which require each company in the Group to manage the foreign risk against its currency of operation. The Group tracks and manages these risks by:

- Monitoring the changes in foreign currency exchange rates on regular basis.
- Set up tide limits for dealing in foreign currencies for the basic objectives of the Group's activities.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	<u>2023</u>	<u>2022</u>
	KD (equivalent)	KD (equivalent)
US Dollar	<u>827,391</u>	<u>38,212</u>

The table below indicates the Group's foreign exchange exposure as at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the KD currency rate with all other variables held constant, on the profit for the year and equity (due to the fair value of currency sensitive monetary assets and liabilities).

	<u>Change in currency rate</u>	<u>Effect on profit for the year and equity</u>
31 December 2023		
US Dollar	<u>+5%</u>	<u>(41,369)</u>
31 December 2022		
US Dollar	<u>+5%</u>	<u>(1,911)</u>

The decrease in currency rate will have the opposite effect on the profit for the year and equity.

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For the year ended 31 December 2023**

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) Market risk (continued)

(ii) Equity price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to this risk as the Group owns investments classified in the consolidated statement of financial position as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group's management monitors and manages these risks through:

- Group's investments through portfolios managed by specialised portfolio managers.
- Invest in companies' shares that have good financial positions that generate high operating income and dividends and with well performing investment funds.
- Periodic tracking of changes in market prices.

The group is not exposed to significant price risk because its investments are unquoted.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group studies on a regular basis all the income data related to the interest rate to determine the probability of changes in interest rates and the effect of such changes on the cash flow of the Group and the consolidated statement of income in order to take the necessary actions in a timely manner. The Group is exposed to interest rate risk from the borrowings as the interest rate fluctuate with Central Bank of Kuwait interest rate.

If interest rates had been 1% higher/lower with all other variables held constant, profit for the year and equity would have decreased/increased by KD 25,153 (2022: KD 20,333).

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk

(i) Risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from trade and other receivables, amounts due from related parties and bank balances.

For banks and financial institutions, the Group seeks to limit its credit risk with respect to bank balances by dealing with reputable banks which are independently rated.

Since there is no independent rating for customers, management of the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

Revenue for services rendered are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, other than a major receivable balance from a governmental entity amounting to KD 1,801,090 (2022: 1,356,708) which settle the outstanding balance for certain customers.

(ii) Security

It is not the practice of the Group to obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The Group seeks to limit its credit risk with respect to receivables by setting credit limits for customers and monitoring outstanding receivables before standard payment and delivery terms and conditions are offered. Normal credit terms for customers are up to three months, any customer who is past due 90 days is considered to be in default, except for amounts due from related parties which have no fixed maturity.

(i) Impairment of financial assets

The carrying amount of financial assets represents the maximum credit exposure. The maximum net exposure to credit risk by class of assets at the reporting date is as follows:

	As at 31 December	
	2023	2022
Trade and other receivables (note 11)	1,951,751	1,637,315
Financial asset fair value through profit or loss	382,001	340,001
Bank balances	2,042,977	147,713
	4,376,729	2,125,029

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(c) Credit risk

(iii) Impairment of financial assets (continued)

Trade receivables outstanding up to 90 days amounting to KD 1,801,090 (2022: KD 1,388,612) are due from a governmental entity. The impairment loss determined on this balance is immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, and further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable:

Trade receivables	As at 31 December	
	2023	2022
Up to 90 days	1,801,089	1,388,612
91 to 180 days	47,978	49,935
181 to 270 days	2,980	-
271 to 365 days	9,338	869
Over 365 days	354,385	347,014
	2,215,770	1,786,430

Net loss allowance	As at 31 December	
	2023	2022
Up to 90 days	-	-
91 to 180 days	363	646
181 to 270 days	122	-
271 to 365 days	996	328
Over 365 days	354,380	342,225
	355,861	343,199

The closing loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	Year ended 31 December	
	2023	2022
Opening loss allowance	343,199	354,836
Charged during the year	12,221	-
Write off during the year	-	(15,365)
Foreign currency translation difference	441	3,728
At 31 December	355,861	343,199

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of term borrowings, if needed.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the below tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

The maturity analysis of financial instruments as at 31 December is as follows:

At 31 December 2023				Total	
	Less than 1 year	1 to 5 years	More than 5 years	Contractual cash flows	Carrying amount
Bank borrowing	593,054	2,018,087	-	2,611,141	2,479,404
Trade and other payables (excluding unearned revenue)	419,141	184,400	180,558	784,099	714,220
	1,012,195	2,202,487	180,558	3,395,240	3,193,624
At 31 December 2022				Total	
	Less than 1 year	1 to 5 years	More than 5 years	Contractual cash flows	Carrying amount
Bank borrowing	542,200	1,602,999	-	2,145,199	2,033,250
Trade and other payables (excluding unearned revenue)	482,347	154,830	226,658	863,835	844,472
	1,024,547	1,757,829	226,658	3,009,034	2,877,722

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as net debt plus equity. The gearing ratios as at 31 December were as follows:

	2023	2022
Bank borrowing (Note 14)	2,479,404	2,033,250
Lease liabilities (Note 15)	321,619	348,124
Less: cash and cash equivalents (Note 12)	(2,048,275)	(152,380)
Net debt	752,748	2,228,994
Total equity	14,732,531	14,349,132
Total capital	15,485,279	16,578,126
Gearing ratio (%)	4.86%	13.45%

5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Applicability of IFRIC 12

Judgement applied by management

The Group operates a private college on land provided by the government under a 20 year lease executed with a subsidiary. Under the terms of this contract, the Group's subsidiary was obligated to construct a technical college and then operate it for the remainder of the 20 year term, handing it back to the government for no consideration at the end of the term. The Company is not permitted to sell or pledge the buildings as collateral while the tuition fees are regulated by the Private Universities Council. The use of the land and buildings are highly regulated and are restricted to the operation of a college.

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5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Significant management judgments (continued)

Applicability of IFRIC 12 (continued)

Consequently, the Group assessed the requirements of IFRIC 12 relating to service concession arrangements in the context of this arrangement.

Notwithstanding the regulation over the services, pricing, and the transfer of the residual value to the government, the Group has made the judgement that IFRIC 12 is not applicable because there is insufficient regulation over who the services must be provided to. The Group retains control over its admission policies and courses offered by the technical college, albeit within a prescribed field. It was also noted that it is a tertiary education institution and unlike primary and secondary schooling, tertiary education is not always a service required to be provided to all. On this basis, the Group determined that in the tertiary education it provides there is no overriding public service obligation and therefore IFRIC 12 is not applicable.

Having concluded that IFRIC 12 does not apply, the Group then assessed that the appropriate accounting treatment would be for the lease of the land and buildings constructed on that land, together with the operating licence. On the basis that the Group is depreciating the right of use asset, the buildings, and other associated assets over no longer than the term of the lease the Group is of the opinion that accounting for the lease of the land and the associated assets of the college as a lease, property, plant and equipment, and a licence is appropriate.

Impact of the critical judgement on the consolidated financial statements

Had the Group determined that IFRIC 12 was applicable, or nonetheless was the appropriate accounting policy in the circumstances, the service concession would have fallen within the intangible asset model. The main impacts of the alternative treatment are as follows:

- There would have been no lease asset, no licence, and no property, plant and equipment associated with college. All of these amounts (totalling KD 7,300,043) would have been treated as part of a single intangible right to operate the college within intangible assets, and this would have been amortised over the concession period.
- Any upgrades and improvements to the college infrastructure would have been treated as a sale of construction services to the government (i.e. revenue) with a corresponding increase in the intangible asset.
- To the extent that the clause in the contract requiring the building and the equipment to be returned in good order to the government at the end of the lease created an obligation at any point in time to undertake repairs or asset replacements at the college, such an obligation would have given rise to a provision under IAS 37. Asset replacements would not have been capitalised unless they represented an enhancement to the intangible right to operate the concession.

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5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Significant management judgments (continued)

Applicability of IFRIC 12 (continued)

- The recognition of tuition revenue from students would not have been affected by IFRIC 12 treatment, and neither would the recognition of other maintenance costs expensed as incurred.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Expected Credit Losses on financial assets

Expected credit losses of financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Refer to note 4.1(b).

Valuation of financial assets

The Group carries out valuations for its financial assets at least annually. At the end of each reporting period, the management update their assessment of the fair value of each equity investment, taking into account the most recent financial information available. The management determine a value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available the management considers information from a variety of sources including, current prices in an active market for equity investments of different nature or recent prices of similar equity investments in less active markets, adjusted to reflect those differences. Refer to note 6.

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5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Useful lives and residual value of property, plant and equipment

The Group reviews the estimated useful lives over which its property, plant and equipment are depreciated. The Group's management determines the estimated useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

The Group reviews the residual value of leasehold land right annually and is assessed based on market approach if there is a reduction in value to calculate if any depreciation is required. Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2023 would be to increase it by KD 57,184 or decrease it by KD 57,184 (2022: increase by KD 50,488 or decrease by KD 50,488)

6 FAIR VALUE ESTIMATION

Investment properties

The Group's investment properties are carried at fair value on a recurring basis. The fair values of investment properties were determined based on two independent valuator's assessment on which the lowest value was used. The fair values are considered within level 2 category. Level 2 fair values of investment properties have been generally derived using the market approach. Refer to note 6.

The fair values of financial assets and investment properties are estimated as follows:

- **Level 1:** Quoted prices in active markets for quoted financial instruments.
- **Level 2:** Quoted prices in active markets for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- **Level 3:** Inputs for the asset or liabilities that are not based on observable market data.

Financial assets within level 3 are carried at fair value on recurring basis, which is determined by using the valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between levels during the year.

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6 FAIR VALUE ESTIMATION (CONTINUED)

The following table shows the fair value measurement hierarchy of the Group's financial assets and investment properties recorded at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
31 December 2023				
Investment properties	-	-	6,297,190	6,297,190
Financial asset at fair value through other comprehensive income	-	-	11,857	11,857
Financial assets at fair value through profit or loss	-	-	382,001	382,001
	<u>-</u>	<u>-</u>	<u>6,691,048</u>	<u>6,691,048</u>
31 December 2022				
Investment properties	-	-	7,586,511	7,586,511
Financial asset at fair value through other comprehensive income	-	-	11,857	11,857
Financial assets at fair value through profit or loss	-	-	340,001	340,001
	<u>-</u>	<u>-</u>	<u>7,938,369</u>	<u>7,938,369</u>

The following table represents the changes in financial asset at fair value through other comprehensive income classified as Level 3 instruments:

	<u>2023</u>	<u>2022</u>
Opening balance	11,857	11,857
Change in fair value	-	-
Ending balance	<u>11,857</u>	<u>11,857</u>

Financial assets at fair value through profit or loss

The financial asset carried at fair value through profit or loss represents portfolio investment in units in Hajar Tower in Saudi Arabia. The investment is classified as level 3. The company has determined the fair value of the investment using discounted cash flows based on projected income to be generated over the next 9 years using a discount rate of 15% (2022: 7.71%). For movement of financial asset carried at fair value through profit or loss, refer to note 10.

The following table shows the impact on the Group's financial assets sensitive to discount rate considering a 1% change with other factors constant. The effect of decreases in discount rate is expected to be equal and opposite to the effect of increases shown. There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

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6 FAIR VALUE ESTIMATION (CONTINUED)

Description	Valuation technique	Significant unobservable inputs	Unobservable inputs	Sensitivity of change in unobservable inputs to fair value
		Discount rate	15% (2022: 7.71%)	The effect of the increase in discount rate 1% will decrease the fair value with KD 6,670 (2022: 11,934)
Financial assets at fair value through profit or loss	Discounted cash flow	Projected income	KD 80,000 (2022: KD 25,000)	The effect of the increase in projected income by 5% will increase the fair value with KD 19,086 (2022: KD 8,498)

Investment properties

The Group's investment properties are carried at fair value on a recurring basis. The fair values of investment properties were determined based on two independent valuers' assessment on which the lowest value was used. The fair values are considered within level 3 category. Level 3 fair values of investment properties have been generally derived using the market approach. The management still considers these valuations to be the best estimate of the valuation of the investment properties. There were no changes to the valuation techniques during the year.

Asset held for sale

Asset held for sale during the year ended 31 December 2023 was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. There is a binding agreement to sell this investment and value at which the investment is carried at is based on the price agreed in the agreement. This is a level 3 measurement as per the fair value hierarchy.

Financial assets and financial liabilities at amortised cost

The fair value of the other financial assets and liabilities measured at amortised cost approximate their carrying amounts as at the reporting date due to their short term nature and borrowings carry market interest rate.

**Rasiyat Holding Company K.P.S.C.
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7. PROPERTY, PLANT AND EQUIPMENT

	Right of use assets	Buildings on lease hold land*	Computers and software	Furniture and fixtures	Decoration and office equipment	Machines	Library	Work in progress	Total
At 1 January 2022 (restated)									
Cost	3,946,242	6,624,529	453,537	253,632	160,687	18,177	6,572	-	11,463,376
Accumulated depreciation	(965,936)	(2,330,853)	(346,374)	(233,664)	(46,572)	(4,392)	(4,772)	-	(3,932,563)
Net book amount	2,980,306	4,293,676	107,163	19,968	114,115	13,785	1,800	-	7,530,813
Year ended 31 December 2022 (restated)									
Opening net book amount	2,980,306	4,293,676	107,163	19,968	114,115	13,785	1,800	-	7,530,813
Additions	-	-	99,631	55,674	161,508	5,059	4,031	-	325,903
Disposals	-	-	-	(2,450)	-	-	-	-	(2,450)
Depreciation charge	(250,569)	(368,029)	(48,222)	(9,280)	(40,720)	(5,100)	(1,710)	-	(723,630)
Depreciation relating to disposals	-	-	-	531	-	-	-	-	531
Closing net book amount	2,729,737	3,925,647	158,572	64,443	234,903	13,744	4,121	-	7,131,167
At 31 December 2022 (restated)									
Cost	3,946,242	6,624,529	553,168	306,856	322,195	23,236	10,603	-	11,786,829
Accumulated depreciation	(1,216,505)	(2,698,882)	(394,596)	(242,413)	(87,292)	(9,492)	(6,482)	-	(4,655,662)
Net book amount	2,729,737	3,925,647	158,572	64,443	234,903	13,744	4,121	-	7,131,167
Year ended 31 December 2023									
Opening net book amount	2,729,737	3,925,647	158,572	64,443	234,903	13,744	4,121	-	7,131,167
Additions	-	-	71,476	64,838	63,815	9,264	235	347,063	556,691
Depreciation charge	(250,569)	(368,030)	(74,330)	(21,104)	(67,251)	(5,968)	(3,340)	-	(790,592)
Closing net book amount	2,479,168	3,557,617	155,718	108,177	231,467	17,040	1,016	347,063	6,897,266
At 31 December 2023									
Cost	3,946,242	6,624,529	624,644	371,694	386,010	32,500	10,838	347,063	12,343,520
Accumulated depreciation	(1,467,074)	(3,066,912)	(468,926)	(263,517)	(154,543)	(15,460)	(9,822)	-	(5,446,254)
Net book amount	2,479,168	3,557,617	155,718	108,177	231,467	17,040	1,016	347,063	6,897,266

*The building on leasehold land represents the construction cost for the Kuwait Technical College's constructed on leasehold land from the government.

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7. PROPERTY, PLANT AND EQUIPMENT

This note provides information for lease where the Group is a lessee.

(i) Amounts recognized in the consolidated statement of financial position

	<u>2023</u>	<u>2022</u>
Right of use assets		
Leasehold right	<u>2,479,168</u>	<u>2,729,737</u>
	<u>2,479,168</u>	<u>2,729,737</u>
Lease liability		
Current	<u>26,540</u>	<u>24,773</u>
Non-current	<u>295,079</u>	<u>323,351</u>
	<u>321,619</u>	<u>348,124</u>

No additions to the right-of-use assets during the year ended 31 December 2023 and 2022.

(ii) Amounts recognised in the consolidated statement of income

The consolidated statement of income shows the following amount relating to lease:

	<u>2023</u>	<u>2022</u>
Depreciation charge of right-of-use asset		
Leasehold right	<u>250,569</u>	<u>250,569</u>
	<u>250,569</u>	<u>250,569</u>
Interest expense – lease liability	<u>19,595</u>	<u>19,437</u>
Rent expense relating to short-term leases	<u>22,800</u>	<u>19,300</u>

The total cash outflow for lease during the year ended 31 December 2023 was KD 46,100 (2022: KD 46,100). This amount includes interest payments on the lease liability.

8. INTANGIBLE ASSETS

	<u>As at 31 December</u>	
	<u>2023</u>	<u>2022</u>
Cost		
At the beginning of the year	<u>750,000</u>	<u>750,000</u>
At the end of the year	<u>750,000</u>	<u>750,000</u>
Amortisation		
At the beginning of the year	<u>(305,556)</u>	<u>(263,889)</u>
Charge for the year	<u>(41,667)</u>	<u>(41,667)</u>
At the end of the year	<u>(347,223)</u>	<u>(305,556)</u>
Net book value at the end of the year	<u>402,777</u>	<u>444,444</u>

Intangible asset represents the amount paid on acquisition of Al-Siraj Group Holding Company K.S.C.C (“Al-Siraj”) by the Group during the year 2018 for the license issued from the General Secretariat of the Board of Private Universities to establish Kuwait Technical College (a subsidiary of Al-Siraj) and all rights of the college curriculum and all agreements concluded with the authorities.

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9. INVESTMENT PROPERTIES

	Year ended 31 December	
	2023	2022
Balance at 1 January	7,586,511	7,192,172
Change in fair value	16,050	394,339
Disposal of investment property resulted from sale of subsidiary	(1,315,201)	-
Balance at 31 December	6,287,360	7,586,511

The investment properties are valued annually on 31 December at fair value, by two external independent valuers. Refer to Note 6 for further information about the fair value measurement.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss

FVPL comprise the following:

	2023	2022 (restated)
Unquoted investment	382,001	340,001

The following table represents movement in investments at FVPL:

	2023	2022 (restated)
Opening balance	340,001	368,374
Change in fair value	204,186	49,712
Cash received	(162,186)	(78,085)
Ending balance	382,001	340,001

Refer to Note 6 for further information about the fair value measurement.

11 TRADE AND OTHER RECEIVABLES

	2023	2022
Trade receivables	2,215,770	1,786,430
Loss allowance (note 4.1)	(355,861)	(343,199)
	1,859,909	1,443,231
Letter of guarantee deposit	-	118,810
Prepaid expenses	90,617	115,613
Investment income receivable	-	34,514
Staff receivables	6,670	17,758
Refundable deposits	9,590	6,300
Others	75,582	21,107
Provision for impairment of other receivables	-	(4,405)
	2,042,368	1,752,928

The provision for impairment of other receivables was written off and the provision charge for other receivables was immaterial.

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12 CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Saving accounts	9,423	9,533
Cash on hand	5,298	4,667
Cash at banks	2,033,554	138,180
Cash and cash equivalents	<u>2,048,275</u>	<u>152,380</u>

13 SHARE CAPITAL AND RESERVES

As at 31 December 2023, the authorised, issued and fully paid up share capital of the Parent Company comprise of 150,000,000 shares of 100 fils each (2022: 150,000,000 shares of 100 fils each). All shares are paid in cash.

Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit before contribution to KFAS, Zakat and Board of Directors remuneration is required to be transferred to statutory reserve. The General Assembly may resolve to discontinue such transfers when the reserve is more than 50% of share capital. Distribution of the Parent Company's statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount. No transfer to statutory reserve has been made for the financial years ended 31 December 2023 and 2022 due to the accumulated losses.

14 BANK BORROWING

	<u>2023</u>	<u>2022</u>
Current	593,054	542,200
Non-current	1,886,350	1,491,050
	<u>2,479,404</u>	<u>2,033,250</u>

Bank borrowing is Tawarruq financing which represents Islamic financing obtained from a local financial institution and it is repayable in 20 equal quarterly installments and secured against the shares of a subsidiary Kuwait Technical College S.P.C. It carries a profit rate of 2.5% per annum (31 December 2022: 3.5%) above the discount rate of the Central Bank of Kuwait. During the year, the group negotiated profit rate from 3.5% to 2.5% recognising a gain on loan modification of KD 35,872. The loan agreement stipulates certain financial covenants that require the subsidiary Siraj Holding Company KSCC to maintain a financial leverage ratio not exceeding 1.25. The subsidiary was in compliance with this covenant.

15 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	<u>2023</u>	<u>2022</u>
Accounts payables	220,455	188,917
Accrued NLST	18,345	12,584
Accrued Zakat	9,227	5,200
Unearned income	-	38,774
Lease liabilities	321,619	348,124
Due to related parties (note 21)	-	145,743
Staff leave provision	136,124	96,580
Dividend payable (note 21)	8,450	8,550
	<u>714,220</u>	<u>844,472</u>

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15 ACCOUNTS PAYABLE AND OTHER LIABILITIES (continued)

	2023	2022
Current	419,141	521,121
Non-current	295,079	323,351
	714,220	844,472

16 DIRECT COST OF TUITION FEES

	2023	2022
Staff costs	1,699,776	1,507,902
Cleaning	65,894	73,125
Maintenance	36,033	45,307
Professional fees	73,075	78,431
Utilities	32,469	30,850
Other costs	392,831	350,980
	2,300,078	2,086,595

17 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Staff costs	240,894	170,993
Rent (Note 7)	22,800	19,300
Professional fees	117,936	53,837
Brokerage charges	45,000	24,445
Maintenance	3,731	5,298
Other expenses	127,661	92,847
	558,022	366,720

18 OTHER INCOME

Included within other income for the year ended 31 December 2022 was an amount of KD 131,927 representing trade payables from prior years written off.

19 BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share is calculated based on dividing the profit for the year by the weighted average number of common shares outstanding during the year as follows:

	2023	2022 (restated) Note 26
Profit for the year attributable to equity holders of the Parent Company	606,758	207,043
Weighted average number of outstanding shares	150,000,000	150,000,000
Basic and diluted profit earnings per share (fils)	4.05	1.38

20 GUARANTEES

As at 31 December 2023 the letters of guarantees issued by banks on behalf of the Group amounted to KD 375,810 (31 December 2022: KD 351,910)

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21 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of the Group's major shareholders, directors, key management personnel, their close family members, and entities controlled or significantly influenced by the Parent Company. In the ordinary course of business, and subject to the approval of the Group's management, transactions were made with such related parties during the year ended 31 December. Due to and Due from related parties are payable on demand and has no fixed maturity and are not interest bearing.

The details of significant related party transactions and balances are as follows:

Transactions	2023	2022
End of service benefits	<u>16,327</u>	<u>3,125</u>
Salaries and short-term benefits	<u>188,758</u>	<u>78,010</u>
Balances	2023	2022
Due to related parties (Note 15) – non controlling interest	<u>-</u>	<u>145,743</u>
Dividends payable (Note 15) - shareholders	<u>8,450</u>	<u>8,550</u>

All transactions with related parties are subject to the Shareholders' General Assembly approval.

22 OPERATING SEGMENTS

22.1 Geographical and operational segments of the revenues, results, assets and liabilities

An operating segment is a component of an entity that engages in business activities from which it earns revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker represented by the Chairman and Vice Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group conducts its activities through the following operating segments:

- The academic segment of the university encompasses a broad range of activities, including curriculum development, course delivery, and academic research. This involves creating, organizing, and delivering educational programs to students. The university is responsible for purchasing educational materials, transporting students, facilitating research endeavors, and providing a platform for the exchange of knowledge.
- Investments segment include investment portfolios and investments in non-financial assets held for capital appreciation.

22.2 Operating segments for the revenues and results

The segments results are reported to the senior executive management of the Group, as well as the revenues and results of the Group's business, assets and liabilities are reported in accordance with the above mentioned segments. The following is the segment analysis which is consistent with the internal reports submitted to the management:

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22 OPERATING SEGMENTS (CONTINUED)

i. Segment revenue

	Academic segment		Investments segment		Total	
	2023	2022	2023	2022	2023	2022
Kuwait	4,337,844	3,311,633	248,033	59,871	4,585,877	3,371,504
Morocco	-	-	(31,414)	-	(31,414)	-
Syria	-	-	475	394,339	475	394,339
Total	4,337,844	3,311,633	217,094	454,210	4,554,938	3,765,843

ii. Segment results

	Academic segment		Investments segment		Total	
	2023	2022	2023	2022	2023	2022
Kuwait	1,339,540	633,472	(503,484)	(644,298)	836,056	(10,826)
Morocco	-	-	(159,883)	(33,936)	(159,883)	(33,936)
Syria	-	-	(59,003)	426,465	(59,003)	426,465
Total	1,339,540	633,472	(722,370)	(251,769)	617,170	381,703

22.3 Segmental distribution of assets and liabilities

	Academic segment		Investments segment		Total	
	2023	2022	2023	2022	2023	2022
Assets	11,686,012	11,469,682	6,535,708	5,965,485	18,221,720	17,435,167
Liabilities	3,343,005	2,807,454	146,184	278,581	3,489,189	3,086,035

Intersegment assets and liabilities are eliminated on consolidation.

22.4 Geographical distribution of assets and liabilities

	2023			
	Kuwait	Morocco	Syria	Total
Assets	10,265,600	1,668,727	6,287,393	18,221,720
Liabilities	3,483,849	2,491	2,849	3,489,189
	2022			
	Kuwait	Morocco	Syria	Total
Assets	9,035,708	2,078,600	6,320,859	17,435,167
Liabilities	3,079,725	6,033	277	3,086,035

23 ANNUAL GENERAL ASSEMBLY MEETING

The Parent Company's Ordinary Annual General Assembly meeting ("AGM") held on 9 April 2023 approved the annual consolidated financial statements for the financial year ended 31 December 2022. No dividends or board of directors' remuneration were approved.

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24 SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for major subsidiary that have non-controlling interests that are material to the Group. The information below is before inter-company eliminations.

Summarised statement of financial position is	Casablanca		Dream		Rawaj		Siraj	
	2023	2022	2023	2022	2023	2022	2023	2022
Assets	33	189	1,529,648	812,759	233,773	160,083	4,412,221	3,924,841
Liabilities	3,109,296	3,038,775	2,491	174,369	3,965	812	912,201	812,339
Total current net assets	(3,109,263)	(3,038,586)	1,527,157	638,390	229,808	159,271	3,500,020	3,112,502
Non-current								
Assets	6,287,360	6,320,670	139,079	1,265,841	202,857	181,857	5,096,283	5,149,672
Liabilities	-	-	-	-	-	-	2,431,659	1,995,115
Total non-current net assets	6,287,360	6,320,670	139,079	1,265,841	202,857	181,857	2,664,624	3,154,557
Net assets	3,178,097	3,282,084	1,666,236	1,904,231	432,665	341,128	6,164,644	6,267,059

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24 SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of comprehensive income

	Casablanca		Dream		Rawaj		Siraj	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues	26,122	472,244	10,084	-	108,730	4,868	4,337,844	3,297,649
Expenses	(85,125)	(45,779)	(519,826)	(33,936)	(17,193)	(14,705)	(2,998,304)	(2,664,177)
Profit for the year	(59,003)	426,465	(509,742)	(33,936)	91,537	(9,837)	1,339,540	633,472
Other comprehensive loss	-	-	-	-	-	-	-	-
Total comprehensive income	(59,003)	426,465	(509,742)	(33,936)	91,537	(9,837)	1,339,540	633,472

Summarised statement of cash flows

	Casablanca		Dream		Rawaj		Siraj	
	2023	2022	2023	2022	2023	2022	2023	2022
Operating	(4,754)	601,783	271,746	(24,653)	-	-	743,814	847,120
Investing	23,480	(544,799)	1,126,762	-	(21,000)	(35,000)	53,389	(289,006)
Financing	(18,862)	(56,988)	(615,644)	23,526	197,400	32,932	98,612	(542,200)
Net decrease in bank balances and cash	(136)	(4)	782,864	(1,127)	176,400	(2,068)	895,815	15,914

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24 SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

During the year ended 31 December 2023, the Group signed an agreement to sell 70% of its ownership of Dream Building SARL, an indirect subsidiary of the Group reducing its ownership from 85% to 15%. Accordingly, the Group no longer has control over the subsidiary. Simultaneously, the Group has signed another agreement comprising a promise to sell the remaining 15% ownership of the indirect subsidiary. Accordingly, the remaining 15% ownership has been classified as an asset held for sale. Management believes that the carrying amount of net assets approximates the fair value as the major underlying asset representing investment property is carried at fair value.

Details of the sale of the subsidiary as provided below:

	Dream Building SARL
Consideration received - Cash	<u>607,996</u>
Fair value of 15% retained interest	<u>139,215</u>
Total assets	<u>747,211</u>
Carrying amount of net assets sold	<u>788,887</u>
Loss on sale of subsidiary	<u>(41,676)</u>

The remaining 15% ownership in the company is measured in accordance with requirements of IFRS 9. Refer to note 6 for fair value disclosures in respect of this investment.

25 SUBSEQUENT EVENTS

Subsequent the year end, the Group has signed a non-binding agreement to sell 20% of their shares in their subsidiary, Siraj Holding Company KSCC for a consideration of KD 5,400,000.

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26 RESTATEMENT EFFECT – CORRECTION OF ERRORS

During the year, management has re-evaluated the accounting treatment and presentation of certain transactions and balances in the consolidated financial statements to determine if these have been accounted for correctly and presented appropriately in line with the requirements of IFRS Accounting Standards. Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors. The impact of the restatements below has been presented in the tables below:

Restatement 1 – Correction of an error in the classification of financial asset at fair value through other comprehensive income to be financial asset at fair value through profit or loss

In prior years, the investment in Hajar Towers in Saudi Arabia was classified as an equity instrument at fair value through other comprehensive income (FVOCI). As such, all fair value movements were presented in the other comprehensive income in the consolidated statement of comprehensive income.

During the year, on review of the contractual terms it was noted that the instruments did not meet the definition of an equity instrument from the perspective of the issuer and the returns received did not represent solely payments of principal and interest. As such, this investment did not meet the classification requirements in International Financial Report Standard 9 - Financial Instruments (IFRS 9) to be classified as a financial instrument at FVOCI.

In the current year this investment has been classified as a financial asset at fair value through profit or loss (FVTPL). In addition, all fair value movements were accounted for in the consolidated statement of income and not in other comprehensive income. The carrying amount of the asset on the statement of financial position was split between current and non-current based on timing and amounts of expected cash flows.

Restatement 2 – Correction of an error related to determining functional currency of a foreign subsidiaries

In the financial statements for 31 December 2022, the Group had three subsidiary entities incorporated in foreign jurisdictions and the functional currency of the subsidiaries was determined to be USD and MAD. The subsidiaries had no management structure, no cash inflows and were merely holding investments in underlying vacant land.

In 2023, management performed an assessment to determine if the functional currency was appropriate. In terms of International Accounting Standard 21 - The effects of changes in foreign exchange rates (IAS 21), foreign operations need to be assessed to determine if the such entities are autonomous from the parent entity. Management determined that these entities were not autonomous and should be considered an extension of the parent and therefore have the same functional currency as the parent, namely the KWD.

As such, the functional currency was changed from USD/MAD to KWD. This resulted in the exchange differences being recorded in the consolidated statement of income, primarily as part of the fair value movement on investment property, and no longer in other comprehensive income. Accumulated foreign currency translation reserve balances were reclassified to accumulated losses.

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Restatement 3 – Corrections of accounting treatment for the consideration paid to acquire lease hold

During 2018, as part of the acquisition of Kuwait Technical College, the land lease where the college stands was considered to contain an off market element and as per the requirements of IFRS 3, the favourable component was accounted for as a key money asset and was not depreciated as it was considered to have a residual value which was higher than the carrying value based on the valuation obtained.

On the adoption of International Financial Reporting Standard 16 (IFRS 16), the transition requirements with respect to the favourable element (off market element) required the lessee to derecognise that asset and adjust the carrying amount of the right-of-use asset by a corresponding amount at the date of initial application. Management had not adjusted this amount against the right of use asset and the balance was not depreciated over the lease term.

In order to correct the above, the key money asset was reclassified from being a separate category in property, plant and equipment to be under right of use assets, and was depreciated over the lease term.

Restatement 4- Correction of error related to recording transaction cost for transactions with non controlling interest in the correct period

During the year ended 31 December 2021, the Parent company increased its ownership interest in its subsidiary Siraj Holding Company KSCC from 63.4 % to 93.1%. The acquisition was a transaction with non controlling interests as there was no change in control before and after the transaction. The transaction was correctly accounted for as a transaction with owners and the gain or loss on this transaction was recorded in equity.

However, there were certain transaction costs that were payable related to the acquisition of the non controlling interest transaction. These transaction costs were not accrued for in 2021 when the acquisition occurred and the related costs were incurred and were rather adjusted against accumulated losses in 2022 when the invoices were paid. These transaction costs should have been accrued in 2021 and accounted for in equity in that period as a deduction from retained earnings / accumulated losses.

Management has corrected the above error and accounted for the expenses against opening retained earnings and not in the statement of changes in equity for the period ended 31 December 2022.

Restatement 5 - Correction of error in classification of Zakat expense in direct cost of tuition fees

In prior years, the zakat expense has been classified within the direct cost of tuition fees. Management reconsidered the classification given the requirements of International Accounting Standard 1 (IAS 1) and the local regulations which required the zakat expense to be presented separately in the consolidated statement of income.

The consolidated statement of income has been restated to correctly present zakat in the consolidated statement of income.

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26 RESTATEMENT EFFECT – CORRECTION OF ERRORS

Below is the impact of the correction on the financial statement line items for the periods impacted.

	Previous presentation	Restatement 1	Restatement 2	Restatement 3	Restatement 4	Current presentation
Consolidated statement of financial position as at 1 January 2022						
Financial assets at fair value through other comprehensive income	421,772	(368,374)	-	-	-	53,398
Financial asset at fair value through profit or loss	-	368,374	-	-	-	368,374
Fair value reserve	(1,391,150)	1,133,657	-	-	-	(257,493)
Foreign currency translation reserve	1,493,489	-	(1,493,489)	-	-	-
Accumulated losses	(5,247,030)	(1,133,657)	1,493,489	(693,597)	(44,090)	(5,624,885)
Non controlling interest	3,397,568	-	-	(51,403)	-	3,346,165
Property, plant and equipment	8,275,813	-	-	(745,000)	-	7,530,813
Accounts payable and other liabilities - current	576,952	-	-	-	44,090	621,042
	Previous presentation	Restatement 1	Restatement 2	Restatement 3	Restatement 4	Current presentation
Consolidated statement of financial position as at 31 December 2022						
Financial assets at fair value through other comprehensive income	351,858	(340,001)	-	-	-	11,857
Financial asset at fair value through profit or loss	-	340,001	-	-	-	340,001
Fair value reserve	(1,146,104)	1,146,104	-	-	-	-
Foreign currency translation reserve	1,481,669	-	(1,481,669)	-	-	-
Accumulated losses	(3,610,004)	(1,146,104)	1,481,669	(897,254)	-	(4,171,693)
Non controlling interest	3,587,321	-	-	(66,496)	-	3,520,825
Property, plant and equipment	8,094,917	-	-	(963,750)	-	7,131,167

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26 RESTATEMENT EFFECT – CORRECTION OF ERROR

	Previous presentation	Restatement 1	Restatement 2	Restatement 3	Restatement 4	Restatement 5	Current presentation
Consolidated statement of income for the year 31 December 2022							
Direct cost of tuition fees	(2,091,795)	-	-	-	-	5,200	(2,086,595)
Zakat	-	-	-	-	-	(5,200)	(5,200)
Change in fair value of investment properties	472,244	-	(77,905)	-	-	-	394,339
Change in fair value of financial assets at fair value through profit or loss	-	49,712	-	-	-	-	49,712
Dividend income	78,085	(78,085)	-	-	-	-	-
Foreign exchange (loss) / gain	-	-	13,984	-	-	-	13,984
Depreciation	(504,880)	-	-	(218,750)	-	-	(723,630)
Consolidated statement of comprehensive income for the year 31 December 2022							
Change in fair value of financial assets at fair value through other comprehensive income	(28,373)	28,373	-	-	-	-	-
Exchange difference arising on translation of foreign operations	(63,921)	-	63,921	-	-	-	-

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26 RESTATEMENT EFFECT – CORRECTION OF ERROR

Correction of error in classification in consolidated statement of cashflows

Principal of lease liabilities paid from IFRS 16 was classified within changes in working capital under trade and other payables part of operating activities and has been reclassified to be presented on the face of consolidated statement of cash flows under financing activities to comply with the requirements of IAS 7.

In accordance with IAS 7, net foreign exchange differences are not cash flows, accordingly the effect of foreign currency exchange rates is to be presented separately from cash flows from operating, investing and financing activities. In prior year, the effect of foreign currency exchange rates was reported before net decrease in cash and cash equivalents and has been reclassified to be presented after net decrease in cash and cash equivalents.

	Previous presentation	Restatement	Current presentation
Consolidated statement of cash flows for the year ended 31 December 2022			
Operating activities			
Trade and other payables	(177,206)	26,715	(150,491)
Financing activities			
Lease liabilities paid	-	(26,715)	(26,715)
Net decrease in cash and cash equivalents	(501,736)	(13,984)	(515,720)

Adjustment to 2022 basic and diluted earnings per share

The above adjustments resulted in a reduction of the profit attributable to equity holders of the parent company for the year ended 31 December 2022 from KD 434,967 to KD 207,043 after adjustments. As a result of this reduction, the basic and diluted earnings per share for the year ended 31 December 2022 was adjusted by KD 1.52 fils from KD 2.90 fils to KD 1.38 fils. Please refer to note 19.