Taaleem Holdings P.J.S.C.
and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 AUGUST 2024

DIRECTORS' REPORT

The Board of Directors have the pleasure of presenting the annual report and audited consolidated financial statements of Taaleem Holdings P.J.S.C. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 August 2024. The Company operates under the trade name Taaleem Holdings P.J.S.C. (Public Joint Stock Company) as per the trade license no. 591478 issued by the Department of Economic Development.

Management's responsibilities

The UAE Federal Decree Law No. (32) of 2021 on the Commercial Companies and its amendments requires the management to prepare the consolidated financial statements which present fairly the state of affairs of the Group and the consolidated performance for the financial year.

The accompanying consolidated financial statements are prepared in conformity with the statutory requirements and International Financial Reporting Standards, including the underlying accounting policies, estimates and judgments. All relevant accounting records and information were considered to prepare these consolidated financial statements.

Principal activities

The Group has been licensed to provide and invest in educational services.

Financial Results

The Group has recorded a net profit attributable to equity holders of the Company of AED 138 million for the year ended 31 August 2024, compared with AED 117.3 million in the prior year.

In accordance with the Articles of Association of the Company and applicable UAE Federal Law, the transfer to statutory reserve from the distributable profit has been suspended as the reserve has reached more than 50% of the paid-up share capital following the proceeds received from the IPO on 29th November 2022 through the issuance and classification of new shares.

Dividends

The Board of Directors of the Company has proposed a cash dividend of AED 120 million payout (AED 0.12 per share or 86.9% of profit for the year ended 31 August 2024 attributable to equity holders), which is subject to the approval of the shareholders at the forthcoming Annual General Assembly of the Company.

Total equity attributable to the owners of the Company for the year ended 31 August 2024 amounts to AED 1,713 million prior to proposed dividend.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 August 2024.

Transactions with related parties

The consolidated financial statements disclose significant related party transactions and balances in note 21. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Statement of Disclosure to auditors

The Directors of Taaleem Holdings P.J.S.C. confirm that, to the best of their knowledge, there is no pertinent audit information that the Group's auditor remains unaware of. They have diligently undertaken all necessary steps, as Directors, to stay informed about any pertinent audit information and to ensure that the Group's auditor is fully informed.

Subsequent events

Other than as disclosed in Note 33, there were no other significant events subsequent to the year-end that requires either adjustments or disclosures in the consolidated financial statements.

Directors

Mr. Khalid Ahmed Humaid Matar Altayer	Chairman
Mr. Adel Mohammed Saleh Alzarouni	Vice - Chairman
H.E. Helal Saeed Salem Saeed Almarri	Board Director
Mr. Amer Saad Mohammed Fawzi Alkhayyat	Board Director (resigned on 31st August 2023)
Mr. Ahmad Saed Mohd Fawzi Al Khayyat	Board Director
Mr. Eyad Ismail Sabti Mashal	Board Director
Mr. Mohammed Abdulla A Rahman Alshaibani	Board Director
H.E. Abdulla Mohd Abdulla Mohd Alawar	Board Director
Ms. Rehab Mohamed Hussain Lootah	Board Director
Dr. Ziad Azzam	Board Director (appointed on 1st September 2023)

Auditors

Ernst and Young Middle East (Dubai Branch) ("EY") were appointed as external auditors for the Group for the year ended 31 August 2024. EY have expressed their willingness to continue in the office. A resolution for the appointment of the auditors for the subsequent financial year will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Khalid Ahmed Humaid Matar Altayer
Chairman

Adel Mohammed Saleh Alzarouni
Vice Chairman

Building a better
working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAALEEM HOLDINGS P.J.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Taaleem Holdings P.J.S.C. (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 August 2024, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAALEEM HOLDINGS P.J.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters(continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition - Tuition fees	
Revenue (i.e. tuition fees) is an important determinant of the Group's performance and profitability, and is considered amongst others for determination of key management personnel incentives. Tuition fees are earned from a high number of students across the portfolio of schools operated by the Group. This gives rise to the inherent risk whereby revenue may not be recognised appropriately over each term of the School's academic year and in accordance with the requirements of IFRSs. Given its magnitude and the underlying inherent risk, we consider recognition of revenue in the appropriate period to be a key audit matter. Refer Note 3.1 for the revenue recognition policy and Note 16.1 for the disclosures on revenue recognised during the year ended 31 August 2024.	We performed the following procedures in relation to revenue recognition: - Read the Group's revenue recognition accounting policy and assessed whether it is in accordance with the requirements of IFRSs. - Obtained the Group's processes and underlying controls to recognise tuition fees revenue, and performed walkthrough over the design of those controls on a sample basis. - Performed analytical review procedures on the School's tuition fees revenue to assess and examine the movements of tuition fees revenue during the year by School. - On a sample basis, tested whether the tuition fees revenue recognised were recorded in the correct school term by verifying the underlying student contracts registered with Knowledge and Human Development Authority (KHDA), fee invoices, bank statements and other supporting documents, and assessed whether the revenue recognised was in accordance with the terms agreed and recognised in accordance with the requirements of IFRSs. - On a sample basis, tested whether the underlying calculation for discounts given to students are in accordance with the contractual arrangements and duly approved. - Ensured that the disclosures in the consolidated financial statements are appropriate in accordance with the requirements of IFRSs.

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Directors Report and does not include the consolidated financial statements and our auditor's report thereon.

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 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 other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information.

We have nothing to report in this regard.

Responsibilities of Management and The Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Decree Law No. 32 of 2021, 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.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

- 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 the Board of Directors 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAALEEM HOLDINGS P.J.S.C. (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 August 2024:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and the Articles of Association of the Company;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) investment in shares and stocks during the year ended 31 August 2024, if any, are disclosed in note 1 to the consolidated financial statements;

vi) note 21 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 August 2024, any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at 31 August 2024; and

viii) note 18 reflects the social contributions made during the year ended 31 August 2024.

For Ernst & Young

Anthony O'Sullivan
Registration No. 687

3 October 2024

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2024

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	**2024 AED**	2023 AED
ASSETS			
Non-current assets			
Property and equipment	8 (i)	**1,360,755,792**	1,168,872,964
Investment property	8 (ii)	**10,297,647**	10,868,123
Intangible assets	7	**35,770,918**	38,445,326
Goodwill	6	**239,997,759**	239,997,759
Right-of-use assets	28(i)	**260,256,095**	211,434,597
Net investment in finance lease	28(i)	**3,260,205**	3,623,459
Capital advances	8(i)(g)	**19,254,670**	18,894,549
		1,929,593,086	1,692,136,777
Current assets			
Fees and other receivables	9	**78,371,135**	48,167,956
Wakala deposits	10	**360,046,500**	475,147,917
Cash and cash equivalents	11	**373,965,479**	227,544,412
		812,383,114	750,860,285
TOTAL ASSETS		**2,741,976,200**	2,442,997,062
EQUITY AND LIABILITIES			
EQUITY			
Share capital	24	**1,000,000,000**	1,000,000,000
Statutory reserve	26	**542,459,941**	542,459,941
Own shares	25	**(5,935,113)**	(10,511,347)
Own shares reserve	25	**(23,005,781)**	(31,057,144)
Retained earnings		**199,963,447**	170,512,734
TOTAL EQUITY		**1,713,482,494**	1,671,404,184
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	12	**139,000,000**	27,000,000
Lease liabilities	28(ii)	**275,408,040**	215,798,988
Deferred income on government grant	14	**42,606,665**	44,939,998
Debentures payable	15	**10,884,100**	18,054,911
Retentions payable	15	**835,129**	1,978,934
Provision for employees' end of service benefits	13	**39,014,933**	32,969,372
Deferred tax liabilities	32	**27,338,083**	-
		535,086,950	340,742,203

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 August 2024
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	***2024 AED***	*2023 AED*
Current liabilities			
Trade and other payables	15	**127,893,373**	117,617,340
Fees received in advance	16.2	**328,281,594**	292,313,089
Interest bearing loans and borrowings	12	**1,178,508**	219,909
Lease liabilities	28(ii)	**17,013,944**	18,367,004
Deferred income on government grant	14	**2,333,333**	2,333,333
Income tax provision	32	**16,706,004**	-
		493,406,756	430,850,675
TOTAL LIABILITIES		**1,028,493,706**	771,592,878
TOTAL EQUITY AND LIABILITIES		**2,741,976,200**	2,442,997,062

These consolidated financial statements were approved by the Board of Directors on 3 October 2024 and signed on their behalf by:

Khalid Ahmed Humaid Matar Altayer
Chairman

Adel Mohammed Saleh Alzarouni
Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 August 2024
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	***2024 AED***	*2023 AED*
REVENUE	16.1	**945,243,349**	818,574,062
FINANCE AND OTHER INCOME			
Rental income	8(i),8(ii)	**1,631,784**	1,561,668
Income from deferred government grant	14	**2,333,333**	2,333,333
Finance income	22	**30,698,650**	25,504,711
Other income	20.2	**7,159,563**	3,717,772
TOTAL FINANCE AND OTHER INCOME		**41,823,330**	33,117,484
EXPENSES			
Operating costs	17	**(552,816,719)**	(482,917,930)
General and administrative expenses	18	**(132,799,718)**	(138,161,814)
Amortisation of intangible assets	7	**(2,674,408)**	(2,674,408)
Depreciation on property and equipment	8(i)	**(79,779,556)**	(69,160,108)
Depreciation on investment property	8(ii)	**(570,476)**	(570,476)
Amortisation of right-of-use assets	28(i)	**(17,357,486)**	(14,214,681)
Finance costs	23	**(19,022,247)**	(26,653,536)
TOTAL EXPENSES		**(805,020,610)**	(734,352,953)
PROFIT FOR THE YEAR BEFORE TAX		**182,046,069**	117,338,593
Current income tax expense	32	**(16,706,004)**	-
Deferred income tax	32	**(27,338,083)**	-
PROFIT FOR THE YEAR		**138,001,982**	117,338,593
Earnings per share			
Basic and diluted, profit for the year attributable to ordinary equity holders of the Company (in AED per share)	31	**0.14**	0.13

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2024
(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	2024 AED	*2023 AED*
PROFIT FOR THE YEAR	**138,001,982**	117,338,593
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may/(will not) be reclassified to profit or loss in subsequent periods (net of tax):	**-**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**138,001,982**	117,338,593

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2024

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Share capital AED	*Statutory reserve AED*	*Own Shares AED*	*Own shares reserve AED*	*Retained earnings AED*	*Total AED*
As at 1 September 2022	750,000,000	63,297,202	-	-	120,674,141	933,971,343
Total comprehensive income for the year	-	-	-	-	117,338,593	117,338,593
Issuance of share capital (net) (Note 24)	250,000,000	479,162,739	-	-	-	729,162,739
Own shares (Note 25)	-	-	(10,511,347)	(31,057,144)	-	(41,568,491)
Dividends (Note 27)	-	-	-	-	(67,500,000)	(67,500,000)
As at 31 August 2023	1,000,000,000	542,459,941	(10,511,347)	(31,057,144)	170,512,734	1,671,404,184
As at 1 September 2023	1,000,000,000	542,459,941	(10,511,347)	(31,057,144)	170,512,734	1,671,404,184
Total comprehensive income for the year	-	-	-	-	138,001,982	138,001,982
Own shares (Note 25)	-	-	4,576,234	8,051,363	-	12,627,597
Dividends (Note 27)	-	-	-	-	(110,000,000)	(110,000,000)
Dividends from own shares (Note 25)	-	-	-	-	1,448,731	1,448,731
As at 31 August 2024	**1,000,000,000**	**542,459,941**	**(5,935,113)**	**(23,005,781)**	**199,963,447**	**1,713,482,494**

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2024

(All amounts in United Arab Emirates Dirham (AED), unless otherwise stated)

	Notes	***2024 AED***	*2023 AED*
OPERATING ACTIVITIES			
Profit for the year before tax		**182,046,069**	117,338,593
Adjustments for:			
Depreciation on property and equipment	8(i)	**79,779,556**	69,160,108
Depreciation on investment property	8(ii)	**570,476**	570,476
Amortisation of right-of-use assets	28(i)	**17,357,486**	14,214,681
Amortisation of intangible assets	7	**2,674,408**	2,674,408
Provision for employees' end of service benefits	13	**13,996,814**	12,629,226
Allowance for impairment on fees and other receivables	9	**3,256,739**	5,398,219
Gain on disposal of property and equipment	20.2	**(131,433)**	(48,229)
Finance income	22	**(30,698,650)**	(25,504,711)
Finance costs	23	**19,022,247**	26,653,536
Income from deferred government grant	14	**(2,333,333)**	(2,333,333)
Income from unwinding of debentures payable	20.1	**(688,736)**	(711,040)
Other non-cash items		**4,605**	860,690
Operating cash flows before changes in working capital		**284,856,248**	220,902,624
Changes in working capital:			
Change in fees and other receivables		**(31,888,203)**	30,400,552
Changes in restricted cash		**(6,242,374)**	(12,113,721)
Change in fees received in advance		**35,968,505**	39,335,918
Change in trade and other payables		**11,454,026**	14,276,229
Cash flows generated from operations		**294,148,202**	292,801,602
Payment of employees' end of service benefits	13	**(7,951,253)**	(9,103,205)
Net cash flows from operating activities		**286,196,949**	283,698,397
INVESTING ACTIVITIES			
Additions to property and equipment, net of retentions payable	8(i)	**(269,047,001)**	(75,168,049)
Capital advances		**(360,121)**	(18,894,549)
Proceeds from disposal of property and equipment		**179,398**	48,229
Receipts from sub-lessor		**554,079**	-
Changes in Wakala deposits, net		**115,101,417**	(475,147,917)
Acquisition of subsidiary, net of cash acquired	6(a)	-	(33,500,000)
Interest received		**30,384,841**	25,098,499
Net cash flows used in investing activities		**(123,187,387)**	(577,563,787)
FINANCING ACTIVITIES			
Proceeds from issuance of shares, net	24	-	729,162,739
Sale / (acquisition) of own shares through liquidity provider, net	25	**12,627,597**	(41,568,491)
Proceeds from bank borrowings	12	**112,000,000**	54,000,000
Repayment of bank borrowings	12	-	(358,553,897)
Payments of principal portion of lease liabilities	28(ii)	**(24,285,072)**	(21,485,859)
Interest paid		**(4,232,716)**	(13,943,536)
Dividends paid	27	**(110,000,000)**	(67,455,000)
Repayment of debentures		**(8,940,678)**	(14,010,352)
Net cash flows (used in) / from financing activities		**(22,830,869)**	266,145,604
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**140,178,693**	(27,719,786)
Cash and cash equivalents at the beginning of the year		**200,266,602**	227,986,388
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	**340,445,295**	200,266,602

The attached notes 1 to 34 form part of these consolidated financial statements.

1 STATUS AND PRINCIPAL ACTIVITIES

Taaleem Holdings Private Joint Stock Company (the "Parent Company" or the "Company") was incorporated on 5 February 2007 and registered under trade license no. 591478 issued by the Department of Economic Development, Dubai, United Arab Emirates (UAE) dated 14 February 2007 as a Private Joint Stock Company in accordance with the requirements of UAE Federal Decree Law No. (32) of 2021. The registered address of the Parent Company is P.O Box 76691, Dubai, UAE.

Pursuant to the resolution passed in the extra-ordinary general meeting 29 August 2022, the shareholders had amongst others resolved the following:

(i) conversion of the legal status of the Company from a Private Joint Stock Company to a Public Joint Stock Company through an Initial Public Offering ("IPO").
(ii) to increase the Company's authorised share capital from AED 750 million to AED 1 billion (at par value) by way of issuance of new shares part of the IPO process.

On 22 November 2022, the Security and Commodities Authority ("SCA") (UAE) approved the Company's application for the offering and issuance of 250 million new shares representing 25% percent of the Company's authorised share capital (Note 24).

On 29 November 2022, the Company's shares became listed in the Dubai Financial Markets ("DFM") Stock Exchange, UAE. Pursuantly, the Company's status changed from "Private Joint Stock Company" to "Public Joint Stock Company". The legal formalities in this regard were completed on 29 November 2022.

The Company's shareholding and principal activities of the subsidiaries (collectively referred to as the "Group") are as follows:

Name	***Percentage of equity interest***	***Country of incorporation***	***Principal activities***
Taaleem LLC	**100%**	United Arab Emirates	Involved in setting up several schools.
Taaleem Management LLC***	**100%**	United Arab Emirates	Involved in providing licensing, administrative and technical services for structuring, developing, managing and operating schools.
Taaleem SPV Limited*	**100%**	United Arab Emirates	Involved in providing and investing in educational services.
Taaleem Holdings Sole Proprietorship LLC**	**100%**	United Arab Emirates	Investment and management of educational and commercial enterprises.
Madaares Operations Limited	**100%**	United Arab Emirates	General trading activities
Madaares Management Limited	**100%**	United Arab Emirates	General trading activities

* 100% Owned by two shareholders of the Parent Company for its beneficial interest. Based on contractual arrangements between the Company and other shareholders, the Company has power to direct the relevant activities of these subsidiaries and derive full economic benefits (bear losses) from the operations of these subsidiaries. Hence, the Group considers that it controls certain subsidiaries.

** 100% owned by Taaleem SPV Limited.

*** Taaleem Management LLC includes operation of the Branch of Taaleem Management LLC (Branch).

The principal activities of the Group are providing and investing in educational services.

1 STATUS AND PRINCIPAL ACTIVITIES (continued)

School operations
Taaleem LLC and Taaleem Holdings Sole Proprietorship LLC are involved in management and operations of the following schools:

(a) Dubai British School ("DBS")
(b) American Academy for Girls ("AAG")
(c) Raha International School - Sole Proprietorship LLC ("RIS")*
(d) Greenfield International School ("GIS")
(e) Jumeira Baccalaureate School ("JBS")
(f) Uptown International School ("UIS")
(g) Dubai British School Jumeriah Park Foundation ("DBF")
(h) Dubai British School Jumeirah Park ("DBS-JP")
(i) Raha International School Khalifa-A - Sole Proprietorship LLC ("RIS-KA")**
(j) Jebel Ali School ("JAS")
(k) Dubai British School Jumeira ("DBS-J")
(l) Dubai British School Mira ("DBS-M)

The trade licenses of the above Schools are legally held by Taaleem Management LLC and Taaleem Holdings Sole Proprietorship LLC.

*During the year ended 31 August 2024, Raha International School establishment has been converted to a Sole Proprietorship LLC and is a fully owned subsidiary of Taaleem Management LLC.

**During the year ended 31 August 2024, Raha International School Khalifa-A establishment has been converted to a Sole Proprietorship LLC and is a fully owned subsidiary of Taaleem Holdings Sole Proprietorship LLC.

Managed School operations
The Group has also entered into management and operation agreements to manage and operate certain other schools as follows:

a. With the Abu Dhabi Department of Education and Knowledge ("ADEK")

- During 2018-19, to manage and operate four charter schools in Abu Dhabi, UAE commencing from academic year 2019-20 for an initial period of 3 years. This agreement was renewed during 2021-22 for a successive 2 years upon completion of the initial period with an option for further extension by another 5 years.

- During 2020-21, the above-mentioned management agreement was amended to manage and operate two additional charter schools in Abu Dhabi, UAE commenced from academic year 2021-22.

- Further, the Group entered into a new operating and management agreement dated 31 May 2022 with ADEK, (which superseded the original agreement) and incorporates a total of nine schools including the original six plus three new schools commenced from 1 September 2022 for an initial period of 2 years. The Group has an option to renew this agreement for 2 years upon completion of the initial period, with an option for further extension by another 5 years.

- During 2022-23, the above-mentioned agreement was amended to manage and operate one additional school in Abu Dhabi, UAE from Academic year 2023-24.

- During the year ended 31 August 2024, the above-mentioned agreement was amended to manage and operate one additional school in Abu Dhabi, UAE from 1 January 2024.

- During the year ended 31 August 2024, the Group entered into a new operating and management agreement dated 10 October 2023 with ADEK, to manage and operate four Nurseries commenced from 1 September 2023 for an initial period of 2 years. The Group has an option to renew this agreement for 2 years upon completion of the initial period, with an option for further extension by another 4 years.

- The Group recognises the management fees as an agent in relation to the arrangements with ADEK.

1 STATUS AND PRINCIPAL ACTIVITIES (continued)

Managed School operations (continued)

b. With The Executive Council ("TEC") and Knowledge Fund Establishment (KFE)

- During 2021, to manage and operate two schools of TEC in the Emirates of Dubai, Dubai School Corporation LLC Al Barsha ("DSB") and Dubai School Corporation LLC Mirdif ("DSM"), starting from the academic year 2021-22 for an initial period of 7 years, renewable on the same terms for two additional periods of 7 years each.

  The land and the buildings on which the schools are constructed is leased by TEC and not recharged to the Group. The Group will be responsible for operations and maintenance required during the agreement period.

- Pursuant to the novation agreements entered into between the Group, TEC and Knowledge Fund Establishment (KFE) during 2022, all rights and obligations of TEC under the original agreement were novated to KFE.

- Further, KFE mandated the Group to manage and operate the 'Dubai Schools' Nad Al Sheba (DSN) vide agreement dated 20 June 2022, from the academic year 2022-23.

- During the year ended 31 August 2024, the Group obtained a trade license for DSAK (Br of Taaleem Management LLC), designated as "Dubai School – Al Khawaneej".

- The Group acts as a principal in relation to operation of the above schools as it derives full economic benefits and has control over the strategic and day to day operations of the schools.

c. With Emirates School Establishment ("ESE")

- During 2021-22, to manage and operate four schools in connection with the Ajyal (Generations) School ("Ajyal Schools") initiative by the Federal Ministry of Education, namely Al Maktoum School (Dubai), Al Qarayen School (Sharjah), Al Mataf School (Ras Al-Khaimah) and Al Furqan School (Eastern Sharjah) commenced from academic year 2022-23.

- During 2022-23, the Group was awarded to manage and operate four additional schools namely LBHS School (Fujairah), WAHS School (Eastern Sharjah), OBAS School (Ajman) and SMGS School (Sharjah) from academic year 2023-24.

- The Group recognises the management fees as an agent in relation to the arrangement with ESE.

The above schools are collectively referred to as the "Schools".

The Group has not purchased or invested in any shares or stocks during the year ended 31 August 2024 (2023: Nil).

2 BASIS OF PREPARATION

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the applicable provisions of the Company's Articles of Association and UAE Federal Decree Law No. (32) of 2021.

These consolidated financial statements are prepared under the historical cost basis, except otherwise stated.

The consolidated financial statements are presented in the United Arab Emirates Dirham (AED), which is the Group's functional currency, unless otherwise stated.

2 BASIS OF PREPARATION (continued)

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF, ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 August 2023, except as follows:

(a) New IFRS standards, interpretations and amendments in issue and effective
The following new IFRS standards, interpretations and amendments, which became effective as on 1 January 2023 (unless otherwise stated), have been adopted in these consolidated financial statements:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The adoption of new and amended standards and interpretations as mentioned above did not have material impact on the consolidated financial statements of the Group.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF, ADOPTED BY THE GROUP (continued)

(a) New IFRS standards, interpretations and amendments in issue and effective (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

(b) Standards, amendments and interpretations in issue but not effective
The new and amended standards and interpretations that are issued, but not yet effective, as at year end are disclosed below:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (effective for reporting periods beginning on or after 1 January 2024);
- Amendments to IAS 1: Classification of liabilities as current or Non-current (effective for annual reporting periods beginning on or after 1 January 2024); and
- Supplier Finance Arrangements **-** Amendments to IAS 7 and IFRS 7 (effective for annual reporting periods beginning on or after 1 January 2024).

Management does not expect the adoption of the above new IFRS standards, amendments and interpretations to have a material impact on the consolidated financial statements of the Group as and when they are adopted.

3.1 MATERIAL ACCOUNTING POLICIES

Revenue from contracts with customers
The Group is in the business of providing educational and educational support services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services after excluding discounts, if any. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services and management fees from ADEK and ESE below, because it typically controls the goods or services before transferring them to the customer.

The revenue from different contracts with customers is recognised as follows:

- Tuition, fees are recognised over the period of time the services are rendered.
- Re-registration and admission fees for existing students are recognised over the period of time the services are rendered.
- Application fees is recognised at point in time.
- Management fees from ADEK and ESE are recognised over the period of time the underlying management services are rendered.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Agency services income
When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

Agency services income includes income from sports activity, commission income from transportation services, sale of uniform and canteen sales and conferences. Such income is recognised as the underlying sales /or services are delivered /or rendered.

Significant financing component
Generally, the Group receives short-term advances from its customers (fee received in advance). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Fees receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (usually students) (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section *Financial instruments – initial recognition and subsequent measurement.*

Contract liabilities
A contract liability is recognised if a payment is received from a customer (usually students) before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

i) Right-of-use assets (continued)
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plots of land and buildings 20 to 50 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets for details.

(ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The short-term leases includes leases for corporate office and staff accommodation.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

If sub-lease is for major part of the right-of-use assets, then it is classified as finance lease. The right-of-use assets relating to the portion of the head lease that is sublet is derecognised and net investment in the sub-lease is recognised (using the IBR considered for recognition of the head lease). Any difference between the carrying amount of right-of-use assets and the net investment in sub-lease is recorded in the consolidated statement of profit or loss, and the Group continues to recognise the lease liability relating to the head lease. Interest income on sub-lease is recognised in the consolidated statement of profit or loss.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Plots of land and capital work-in-progress are not depreciated.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Estimated useful lives of the assets as follows:

	Years
Buildings	20-30
Leasehold improvements and outdoor equipment	10-20
Furniture and fixtures	4-5
Books, office, classroom and IT equipment	3-5
Motor vehicles	4

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial period end.

Investment property

Property held for rental or capital appreciation purposes is classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment loss.

Depreciation on asset is calculated using the straight-line method to allocate the cost to its residual value over the estimated useful life of 30 years.

The useful life, depreciation method and residual value method is reviewed periodically to ensure that the method and period of depreciation is consistent with the expected pattern of economic benefits from the asset.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Investment property (continued)
Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

The Group determines at each reporting date whether there is any objective evidence that the investment property is impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of profit or loss. The recoverable amount is higher of investment property's fair value less cost to sell and the value in use.

Reversal of impairment losses recognised previously is recorded when there is an indication that the impairment losses recognised for the investment property no longer exist or have reduced.

When the development of investment property commences, it is classified under capital work-in-progress until development is complete, at which time it is transferred to the respective category and depreciated in accordance with the Group's policy.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit of loss in the year in which the expenditure is incurred.

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

Intangible assets with finite lives 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 is reviewed at least at each financial year end. 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 profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Estimated useful lives of intangibles are as follows:

	Years
Brand and curriculum	5
Student relationships	10 -14
Below market leases	17 -49

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments

i) Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has no debt instruments classified as fair value through OCI as at the reporting date.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

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

The Group has no equity instruments classified as fair value through OCI as at the reporting date.

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group has no financial assets classified as fair value through profit or loss as at the reporting date.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

i) Financial assets (continued)

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss or OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group seeks to limit its credit risk with respect to student's fees by regularly monitoring outstanding fees receivable. An established impairment analysis is performed at each reporting date using an expected credit loss rate based on days past due for such receivables (e.g. by student) and taking into consideration the reasonable and supportable information that is available at the reporting date about past events, prevailing and forecasts of future economic conditions.

The Group considers a financial asset in default when contractual payments are past due the credit period as per the invoice. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group does not have financial liabilities classified as fair value through profit or loss as at the reporting date.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

ii) Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost (Loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, of quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

For assets excluding goodwill, an assessment is made at each reporting date as to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit of loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 August and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. When the Group disposes of an operation within a cash-generating unit to which goodwill is allocated. The goodwill associated with the operation disposed shall be included in the carrying amount of the operation when determining the gain or loss on disposal and measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Own shares
Own equity instruments that are reacquired (own shares) are recognised at cost and deducted from equity. No gain or loss is recognised in consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. Such own shares may be acquired and held by the entity or by the other members of the consolidated group. Consideration paid or received shall be recognised directly in equity.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' benefits

The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed at each reporting period by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognised immediately in consolidated statement of comprehensive income. The Group determines the net interest expense on the obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in consolidated statement of profit or loss.

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

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the consolidated financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside the consolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the consolidated statement of profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value-*added Tax (VAT)*
Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Foreign currency translation
The Group's consolidated financial statements are presented in AED, which is the Company's functional currency. For each entity, the Group determines its own functional currency based on the main currency used in the component's business.

i) Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

ii) Group companies
On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their income statements are translated at average month end exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value and released to consolidated statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Dividend
The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Employees' benefit (incentive plan)
The Group has created an incentive scheme for certain key management personnel of the Group. The incentive scheme is based on achievement of certain key performance indicators (such as EBITDA, revenue and other non-financial factors such as enrollment, staff retainment etc.) on an annual basis and settled in cash (cash-settled transactions). Participants are enrolled in the scheme by duly signing off the incentive policy which also indicates the key performance indicators to be achieved to be eligible for the award as per the scheme. A provision for the Group's obligation under the scheme is accrued on a periodic basis at an amount equivalent to the benefits attributable to the participants with a corresponding expense in the consolidated statement of profit or loss.

Cash and cash equivalents
Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and in hand and highly liquid deposits, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of restricted cash as they are considered an integral part of the Group's cash management.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The executive management has overall responsibility for the Group and oversight of the Group's risk management framework and for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's principal financial liabilities comprise of trade and other payables, interest bearing loans and borrowings, debentures payable and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets are fees and other receivables, wakala deposits, sukuk deposits and bank balances that derived directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, currency risk and liquidity risk.

The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

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 is exposed to interest rate risk in relation to its interest bearing loans and borrowings which bear interest at variable rates and exposes the Group to cash flow interest rate risk.

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at the reporting date. The analysis is prepared assuming that these amounts outstanding at the reporting date were outstanding throughout the year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the Group's profit for the year end 31 August 2024 would decrease / increase by AED 701 thousand (31 August 2023: profit for the year will decrease / increase by AED 136 thousand). There is no direct impact on the Group's equity other than the impact resulting from the effect on the profit for the year.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is primarily exposed to credit risk on its fees and other receivables, wakala deposits, cash at bank and sukuk deposits as follows:

	2024 AED	*2023 AED*
Fees and other receivables (excluding prepayments and VAT receivables) (Note 9)	**44,588,388**	17,677,827
Wakala deposits (Note 10 and 11)	**396,051,150**	545,260,785
Cash at banks and sukuk deposits (Note 11)	**337,914,476**	157,369,435
	778,554,014	720,308,047

The Group seeks to limit its credit risk with respect to student's fees by regularly monitoring outstanding fees receivable. An established impairment analysis is performed at each reporting date using an expected credit loss rate based on days past due for such receivables (e.g. by student) and taking into consideration the reasonable and supportable information that is available at the reporting date about past events, prevailing and forecasts of future economic conditions.

The Group limits its credit risk with regard to cash at bank, wakala and sukuk deposits by only dealing with reputable banks. These bank balances and deposits are callable on demand. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

With respect to credit risk arising from the other financial assets of the Group, including deposits and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Currency risk
Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are predominantly undertaken in AED or United States Dollars (USD) to which AED is currently pegged. As at the reporting date, there were no significant foreign currency denominated monetary assets and liabilities.

Liquidity risk
The Group limits its liquidity risk by ensuring bank facilities are available. The terms of admission of students of the educational entities require fees to be paid either in advance or within the academic term. Trade payables are settled on the basis of credit terms agreed with the respective suppliers.

The Group's terms of invoices generally require amounts to be paid within 30 to 90 days of the date of invoice.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 August, based on contractual payment dates and current market interest rates.

At 31 August 2024

	Less than 3 months AED	***3 to 12 months AED***	***1 to 5 years AED***	***>5 years AED***	***Total AED***
Interest bearing loans and borrowings; including interest	**2,347,244**	**6,320,593**	**146,874,879**	**-**	**155,542,716**
Debentures payable	**1,394,454**	**4,183,362**	**10,866,058**	**18,042**	**16,461,916**
Lease liabilities	**4,651,536**	**19,651,791**	**117,083,979**	**494,603,166**	**635,990,472**
Trade and other payables	**-**	**105,582,299**	**-**	**-**	**105,582,299**
Total	**8,393,234**	**135,738,045**	**274,824,916**	**494,621,208**	**913,577,403**

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

At 31 August 2023

	Less than 3 months AED	*3 to 12 months AED*	*1 to 5 years AED*	*>5 years AED*	*Total AED*
Interest bearing loans and borrowings; including interest	465,750	2,205,307	18,582,648	14,999,557	36,253,262
Debentures payable	1,683,363	5,050,090	17,749,212	328,055	24,810,720
Lease liabilities	4,699,849	18,180,594	96,504,593	332,976,887	452,361,923
Trade and other payables	-	110,861,531	-	-	110,861,531
Total	6,848,962	136,297,522	132,836,453	348,304,499	624,287,436

Changes in liabilities arising from financing activities

2023-24

	1 September 2023 AED	***Cash flows AED***	***Others AED***	***31 August 2024 AED***
Interest bearing loans and borrowings, net	**27,219,909**	**107,767,284**	**5,191,315**	**140,178,508**
Lease liabilities	**234,165,992**	**(24,285,072)**	**82,541,064**	**292,421,984**
Debentures payable	**24,810,720**	**(8,940,678)**	**591,874**	**16,461,916**
Total	**286,196,621**	**74,541,534**	**88,324,253**	**449,062,408**

2022-23

	1 September 2022 AED	*Cash flows AED*	*Others AED*	*31 August 2023 AED*
Interest bearing loans and borrowings, net	332,422,210	(318,497,433)	13,295,132	27,219,909
Lease liabilities	201,000,269	(21,485,859)	54,651,582	234,165,992
Debentures payable	38,147,962	(14,010,352)	673,110	24,810,720
Total	571,570,441	(353,993,644)	68,619,824	286,196,621

Capital management

The primary objective of the Group's capital management is to ensure that it has adequate capital in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 August 2024 and 31 August 2023. Capital comprises the share capital, statutory reserve, own shares, own shares reserve and retained earnings, and is measured at AED 1,713,482,494 as at 31 August 2024 (31 August 2023: AED 1,671,404,184).

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value estimation
Financial instruments comprise financial assets and financial liabilities.

Financial assets mainly consist of fees and other receivables, wakala deposits, bank balance and sukuk deposits. Financial liabilities mainly consist of interest-bearing loans and borrowings, debentures payable, lease liabilities and trade and other payables.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of interest-bearing loans and borrowings bear commercial rate of interest which gets re-priced at regular intervals and approximates its carrying amount. For debentures payable, the Group's management assessed the fair value using the discounted cash flow analysis and reflected such value as at the reporting date. The fair value of the other financial assets and liabilities approximate their carrying values at the end of the reporting period largely due to the short-term maturities of these instruments.

5 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

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

Significant judgment in determining the lease term of contracts with renewal options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to extend the lease term by an additional five to fifty years. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy) or terminate.

Property lease classification – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

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

5 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Significant judgment in determining the term of contracts with renewal options entered with KFE
The Group determines the contract term as the non-cancellable term of the contract, together with any anticipated extension of the contract to operate and manage three schools in Emirates of Dubai (i.e. DSB, DSM and DSN – Refer Note 1). The initial period of the contract is 7 years, renewable automatically on the same terms for a similar period for up to two additional period of 7 years (“extension term”).

The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew as per the terms and conditions as specified in the contract to determine the expected benefits under the contract. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal unless otherwise.

Estimates and assumptions
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 and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property and equipment, investment property and intangible assets recognised by the Group.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

5 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Provision for expected credit losses of fees and other receivables
The Group seeks to limit its credit risk with respect to student's fees by regularly monitoring outstanding fees receivable. An established impairment analysis is performed at each reporting date using an expected credit loss rate based on days past due for such receivables (e.g. by student) and taking into consideration the reasonable and supportable information that is available at the reporting date about past events, prevailing and forecasts of future economic conditions.

Useful lives of property and equipment, investment property and intangible assets
The Group's management determine the estimated useful lives of its property and equipment, investment property and intangible assets for calculating depreciation and amortisation respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management review the residual value and useful lives annually and future depreciation charge and amortisation expense would be adjusted where the management believes the useful lives differ from previous estimates.

6 GOODWILL AND BUSINESS COMBINATION

	2024	*2023*
	AED	*AED*
Acquisition through business combination:		
- Taaleem LLC and Taaleem Management LLC (referred together as "Taaleem acquisition") [Note (a) below]	**204,932,063**	204,932,063
- Jebel Ali School [Note (b) below]	**35,065,696**	35,065,696
	239,997,759	239,997,759

Taaleem acquisition: While the CGU is defined as the individual school, the Group's management monitors the goodwill for internal management purpose at the operating segment level i.e. the group of Schools (or, group of CGUs) together as they believe that represents the synergies that were anticipated upon the acquisition and accordingly undertakes the test of impairment of goodwill as at each reporting date.

(a) Taaleem acquisition:

On 1 September 2007, the Group had entered into a sale and purchase agreement with Taaleem LLC and Taaleem Management LLC, whereby, all the shares of Taaleem LLC and Taaleem Management LLC were acquired by the Company. The acquisition was a contemporaneous transaction and structured in a manner to manage and operate the acquirees' together, as it was prior to the acquisition. Pursuant to this Agreement, Taaleem LLC and Taaleem Management LLC became wholly owned subsidiaries of the Company.

6 GOODWILL AND BUSINESS COMBINATION (continued)

(b) Acquisition of Jebel Ali School (JAS)

On 26 May 2022, the Group had entered into the following agreements:

a) agreement with the Board of Trustees of Jebel Ali School for transfer of the school operations (on an "as-is" basis).
b) a tripartite agreement with the Board of Trustees of Jebel Ali School and Emirates REIT for
   - settlement of the outstanding rental payments as of the date of acquisition towards the land and school building, and
   - acquisition of the underlying land and the school building.

The total consideration for the acquisition was AED 233.5 million. Of this, AED 200 million was settled at the time of acquisition and the balance amount AED 33.5 million had been agreed to be settled during the year 2022-23. Accordingly, fair value of purchase consideration as of acquisition date i.e. 26 May 2022 was considered as AED 231.9 million. There were no non-controlling interests arising on this acquisition and no contingent considerations. The Group's management settled AED 33.5 million towards such acquisition during the year 2022-23.

The fair value of net assets acquired amounted to AED 166,734,304. The excess of the fair value of the purchase consideration amounting to AED 231,900,000 was recognised as follows as on the date of acquisition:

	AED
- Student relationships	**30,100,000**
- Goodwill	**35,065,696**
	65,165,696

Annual impairment testing and key assumptions used in value in use calculations and sensitivity to changes in assumptions:
For the purpose of testing impairment of goodwill and other intangible assets, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by the Board of Directors for the year 2024-25 and estimated thereafter for an additional four year period in conjunction with the five year strategic plan being finalised by the Group's management. Cash flows beyond the five-year period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted discount rate (Weighted Average Cost of Capital, i.e. WACC), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margins consistent with historical trends adjusted for expected efficiency, and fee improvements (considering student enrolment and regulatory approvals on fees). The growth rate does not exceed the long-term average growth rate for the market in which the cash generating units operate. Any reasonably possible changes to the assumptions will not lead to an impairment. The key assumptions used in the value-in-use calculations are as follows:

	2024		*2023*	
	Discount rate (WACC)	***Growth rate***	*Discount rate (WACC)*	*Growth rate*
Taaleem acquisition	**12%**	**2%**	12%	2%
JAS acquisition	**12%**	**2%**	12%	2%

As at the reporting date, the recoverable amount of the group of CGUs tested for impairment of Taaleem acquisition was assessed to be AED 1,166.5 million (31 August 2023: AED 1,182.5 million) and JAS acquisition was assessed to be AED 357.3 million (31 August 2023: AED 246.6 million). There were no impairment identified on the carrying amount of goodwill as at reporting date.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the above cash-generating units, management believes that no reasonable possible change in any of the above key assumptions will cause the carrying value of the CGU to materially exceed its recoverable amount.

7 INTANGIBLE ASSETS

	Brand and curriculum AED	*Student relationships AED*	*Below market leases AED*	*Total AED*
Cost:				
At 1 September 2023	18,611,546	40,874,162	41,514,292	101,000,000
As at 31 August 2024	**18,611,546**	**40,874,162**	**41,514,292**	**101,000,000**
Accumulated amortisation:				
At 1 September 2022	18,611,546	11,311,662	29,957,058	59,880,266
Amortisation for the year	-	2,149,992	524,416	2,674,408
At 31 August 2023	18,611,546	13,461,654	30,481,474	62,554,674
Amortisation for the year	-	2,149,992	524,416	2,674,408
At 31 August 2024	**18,611,546**	**15,611,646**	**31,005,890**	**65,229,082**
Net carrying value:				
At 31 August 2024	**-**	**25,262,516**	**10,508,402**	**35,770,918**
At 31 August 2023	-	27,412,508	11,032,818	38,445,326

The intangible assets recognised on acquisition of Taaleem and JAS were as follows:

a. Brand and curriculum: The individual schools managed and operated by Taaleem LLC, though not registered for trademark, are protected by the rules of the school licensing authority, the Ministry of Education and the respective trade licensing authority in the UAE, which does not permit any third party to establish a school with the same name. As such this proved to be a deemed legal form of protection, and therefore the brand and curriculum satisfied the recognition criteria for intangible asset. Such brand and curriculum have been fully amortised as at 31 August 2024 and 2023.

b. Student relationships: Taaleem LLC had established relationships with its existing students. These relationships were valuable to the extent that these students remain enrolled in the school and continue to pay tuition fee until the completion of their respective academic programme. Such student relations have been fully amortised.

   Further in earlier years, the Group has recognised student relationships amounting to AED 30,100,000 on acquisition of Jebel Ali School (Note 6) and the net carrying value as at 31 August 2024 is AED 25,262,516 (31 August 2023: AED 27,412,508).

c. Below market leases: Taaleem LLC had recorded school land and buildings which are taken on long term leases. The lease agreements were entered into at rates which were significantly below the equivalent market rates existing as of the acquisition date. Accordingly, below market leases had been recognised as an intangible asset in respect of these lease agreements. As at 31 August 2024, the net carrying value is AED 10,508,402 (31 August 2023: AED 11,032,818).

Refer Note 6 for details of test of impairment of CGUs relating to Taaleem and JAS acquisition.

8 (i) PROPERTY AND EQUIPMENT

	Plots of land AED	*Buildings AED*	*Leasehold improvements and outdoor equipment AED*	*Furniture and fixtures AED*	*Books, office classroom and IT equipment AED*	*Motor vehicles AED*	*Capital work-in-progress AED*	*Total AED*
Cost:								
At 1 September 2022	201,298,121	1,159,116,699	73,627,204	77,027,785	134,517,445	1,621,899	2,726,133	1,649,935,286
Additions	-	309,567	13,902,617	10,528,530	18,354,370	91,257	34,568,318	77,754,659
Disposals and write offs	-	-	-	(2,252,640)	(17,438,149)	(87,658)	-	(19,778,447)
At 31 August 2023	201,298,121	1,159,426,266	87,529,821	85,303,675	135,433,666	1,625,498	37,294,451	1,707,911,498
Additions	-	322,500	17,298,224	48,127,614	24,620,706	957,887	180,383,418	271,710,349
Transfers (Note (e))	-	143,594,347	7,377,823	20,904,577	3,263,615	-	(175,140,362)	-
Disposals and write offs	-	-	-	-	(1,799)	(452,855)	-	(454,654)
At 31 August 2024	**201,298,121**	**1,303,343,113**	**112,205,868**	**154,335,866**	**163,316,188**	**2,130,530**	**42,537,507**	**1,979,167,193**
Accumulated depreciation:								
At 1 September 2022	-	299,147,332	25,865,981	52,597,912	110,957,306	1,088,342	-	489,656,873
Charge for the year	-	39,677,099	6,292,825	8,969,426	14,006,960	213,798	-	69,160,108
Disposals and write offs	-	-	-	(2,252,640)	(17,438,149)	(87,658)	-	(19,778,447)
At 31 August 2023	-	338,824,431	32,158,806	59,314,698	107,526,117	1,214,482	-	539,038,534
Charge for the year	-	40,482,742	7,851,252	14,161,137	16,966,928	317,497	-	79,779,556
Disposals and write offs	-	-	-	-	(1,799)	(404,890)	-	(406,689)
At 31 August 2024	**-**	**379,307,173**	**40,010,058**	**73,475,835**	**124,491,246**	**1,127,089**	**-**	**618,411,401**
Net carrying value:								
At 31 August 2024	**201,298,121**	**924,035,940**	**72,195,810**	**80,860,031**	**38,824,942**	**1,003,441**	**42,537,507**	**1,360,755,792**
At 31 August 2023	201,298,121	820,601,835	55,371,015	25,988,977	27,907,549	411,016	37,294,451	1,168,872,964

8 (i) PROPERTY AND EQUIPMENT (continued)

(a) Land comprises of a granted land in Mirdif, Dubai in addition to five freehold plots of land which are located in Jumeirah Islands, Jumeirah Park, Al Thanayah fourth, Emirates Hills and Dubai Studio City respectively. All these plots of land (except Dubai Studio City) are legally held in the name of Taaleem Management LLC for the beneficial interest of Taaleem LLC. Land in Dubai Studio City is legally held by Taaleem LLC.

(b) Buildings mainly include the costs of construction, extension and refurbishment of six school buildings namely AAG, RIS, GIS, JBS, RIS-KA, DBS-J and the Company, which are constructed on leasehold land. School buildings of UIS (phases 1, 2 and 3) are constructed on granted land. DBF school building, DBS-JP school building and Dubai Studio City staff residential building are constructed on acquired freehold land. JBS building is leased. All these land leases except for RIS are in the name of Taaleem Management LLC held on behalf of Taaleem LLC. The Group's management is of the opinion that these leases will be renewed for the foreseeable future.

(c) On 9 May 2011, Taaleem LLC received a grant in the form of a parcel of land from the Government of Dubai for construction of a school ("UIS"). The grant was conditional and stated that Taaleem LLC had to start construction of a kindergarten section within one year from the receipt of the granted land and start construction of primary, intermediary and secondary schools within three years of the receipt date of the granted land. At 31 August 2012, Taaleem LLC had completed construction of a kindergarten section ("UIS phase 1"), which became operational from September 2012. Further at 31 August 2012, the Board of Directors had reasonable assurance that other conditions attached to the granted land would be met and therefore recognised the fair value of the granted land as deferred income. The valuation of this granted land was obtained from an independent firm of surveyors and property consultants who valued it in accordance with Royal Institute of Chartered Surveyors ("RICS") appraisal and valuation manual. As per the independent valuer's report, the market value of the land amounted to AED 100 million. The independent valuer further stated in their report that in accordance with the property laws, the transfer of granted land to private title (to obtain a title deed with freehold status for the plot of land) can attract a fee of 30% of the market value of the land. Considering the title to the land was granted and taking into consideration the then prevailing laws in UAE, the Board of Directors had resolved to record the granted land at 70% of its market value in that year reflective of the price at which the granted land would have been transacted at market rates between a willing buyer and seller.

On 31 August 2014, the construction of UIS phase 3 that includes remaining parts of the intermediary and secondary section was completed which became operational in September 2014. Thereby, all conditions attached to conditional grant of the land have been met (Note 14).

(d) During 2014, Taaleem LLC acquired a freehold plot of land in Dubai Studio City, in the Emirate of Dubai for AED 24.2 million, the consideration of which was settled by one-time payment. The sale purchase agreement ("SPA") was signed between Taaleem LLC and seller on 14 August 2014, however the title deed was received post year-end on 22 September 2014. Following the completion of design, Taaleem LLC, commenced construction of a residential tower for staff accommodation on this freehold plot. The construction of the residential tower was completed in 2016 and is now being used as staff accommodation. During 2024, the Group's management has earned a rental income of AED 390,138 (31 August 2023: AED 320,022) from leasing a few retail outlets which are part of the building used for staff accommodation.

(e) Capital work-in-progress (CWIP) represents cost primarily incurred towards construction and expansion of schools in UAE. During the year, the Group has completed the construction activities of the school building and premises of Dubai British School Jumeira and accordingly CWIP amounting to AED 175,140,362 has been capitalized. Further, the Group has capitalised borrowing cost amounting to AED 3,637,762 (31 August 2023: AED 607,676), incurred on the borrowings availed towards the construction of the Dubai British School Jumeira for the year ended 31 August 2024 (Note 12).

(f) During the year, the Group started the construction activities of the school building and premises of Dubai British School Mira. Further, the Group has capitalised borrowing cost amounting to AED 169,391 (31 August 2023: Nil), incurred on the borrowings availed towards the construction of the Dubai British School Mira for the year ended 31 August 2024 (Note 12).

8 (i) PROPERTY AND EQUIPMENT (continued)

(g) Capital Advances

a) During 2022-23, the Group had paid advances of AED 21,862,950 towards the construction and development of the school building and premises for Dubai British School Jumeira.

Of this, an amount of AED 18,763,405 has been transferred to capital work-in-progress during the year ended 31 August 2024 (31 August 2023: AED 2,968,401). As at 31 August 2024, advances amounted to AED 131,144 (31 August 2023: AED 18,894,549). The school construction and development is completed during the year 2023-24.

b) During the year ended 31 August 2024, the Group has paid advance of AED 4,375,943 (31 August 2023: Nil) towards the construction of additional classrooms in Greenfield International School ("GIS").

Of this, an amount of AED 3,360,217 has been transferred to capital work-in-progress during the year ended 31 August 2024. As at 31 August 2024, advances amounted to AED 1,015,726. The construction and development activities are expected to be completed during the year 2024-25.

c) During the year ended 31 August 2024, the Group has paid advances of AED 19,360,493 towards the construction and development of the school building and premises for Dubai British School Mira.

Of this, an amount of AED 1,252,693 has been transferred to capital work-in-progress during the year ended 31 August 2024. As at 31 August 2024, advances amounted to AED 18,107,800. The school construction and development activities are expected to be completed during the year 2024-25.

(h) Impairment testing of property and equipment – at CGU level

The CGU is defined as the individual school managed and operated by the Group.

Management identifies indicators of impairment at CGU level based on the following key parameters:

- School profitability and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA);
- School maturity; and
- Cash flow forecast at each school level.

Where indicators existed, the recoverable amount of the CGU is determined using cash flow projections based on the valuations performed by an independent external specialists using RICS Valuation Professional Standards (as per the International Valuation Council (IVSC)). As at the reporting date, the recoverable amount of one of the CGU tested for impairment was assessed to be AED 19.5 million based on the fair value less cost of disposal which is the higher than the value in use. The fair value is determined based on level 3 inputs.

Key assumptions used in the recoverable amount calculations are as follows:

Management believes that the calculation of the recoverable amount for the cash-generating unit that was subject to the test of impairment is most sensitive to the following assumptions:

- Discount rate;
- Net yield rate of 11%;
- Growth in revenue; and
- Direct costs.

Discount rate
It represents the current assessment of risks specific to the Group taking into consideration the time value of money. A single discount rate is used on the basis that risks specific to the cash-generating unit is reflected in determining the cash flows. Management uses a discount rate of 13%.

8 (i) PROPERTY AND EQUIPMENT (continued)

Revenue
The growth rate is based on management's best estimate with regard to industry and market growth rates. This considers the historical performance of the school, its maturity of operations and regulator rating of the school. This includes two components (a) growth in student enrollment forecasted 5.7% in academic year 2024-25, and year on year growth in range of 1.6% to 2.5% until academic year 2028-29, and constant thereafter; and (b) growth in tuition fees in range of 2.6% to 3% until academic year 2028-29 (based on historical rating of the school as approved by the regulator), and constant thereafter.

Direct costs
Direct costs primarily include salary costs and other administrative expenses directly related to the CGUs operations. The recoverable amount calculation takes into account such costs based on historic trends, contractual agreements and the estimated inflation to be incurred during the forecasted period.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the above CGU, management believes that no reasonable possible change in any of the above key assumptions will cause the carrying value of the CGU to materially exceed its recoverable amount.

8 (ii) INVESTMENT PROPERTY

During previous year, the Group has sub-leased one of the school building to a third party for a period of 15 years.

	2024 AED	*2023 AED*
Cost:		
At 1 September	**17,102,971**	17,102,971
Addition during the year	**-**	-
As at end of the year	**17,102,971**	17,102,971
Accumulated depreciation:		
At 1 September	**6,234,848**	5,664,372
Charge for the year	**570,476**	570,476
As at end of the year	**6,805,324**	6,234,848
Net carrying value:		
At 31 August	**10,297,647**	10,868,123

Following items are recognised in the consolidated statement of profit or loss relating to investment property:

	2024 AED	*2023 AED*
Rental income	**1,241,646**	1,241,646

Rental income and depreciation charge on the investment property are included as separate line items in the consolidated statement of profit or loss.

The Group has no significant restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

9 FEES AND OTHER RECEIVABLES

	2024 AED	*2023 AED*
Fees receivable	**4,656,226**	4,618,046
Less: allowance for impairment of fees receivable	**(4,036,487)**	(4,211,063)
Net fees receivable (a)	**619,739**	406,983
Other receivables	**5,090,437**	5,524,646
Less: allowance for impairment of other receivables	**(4,453,068)**	(2,862,084)
Net other receivables (b)	**637,369**	2,662,562
Net fees and other receivables (a + b)	**1,257,108**	3,069,545
Prepayments*	**15,611,910**	12,090,222
VAT receivables	**18,170,837**	18,399,907
Deposits and advances**	**43,331,280**	14,608,282
	78,371,135	48,167,956

As at 31 August 2024, fees and other receivables with a nominal value of AED 8,489,555 (31 August 2023: AED 7,073,147) were impaired. Movements in the allowance for impairment of fees and other receivables were as follows:

	2024 AED	*2023 AED*
Balance at the beginning of the year	**7,073,147**	2,771,762
Charge for the year (Note 18)	**3,256,739**	5,398,219
Recovery (Note 20.2)	**(1,579,913)**	(775,166)
Written off	**(260,418)**	(321,668)
Balance at the end of the year	**8,489,555**	7,073,147

Set out below is the information about the credit risk exposure on the Group's fees and other receivables using a provision matrix:

31 August 2024

	Current	***0-365 Days***	***>365 Days***	***Total***
Expected credit loss rate	**-**	**78%**	**100%**	**87%**
Estimated total gross carrying	**-**	**5,643,807**	**4,102,856**	**9,746,663**
Expected credit loss	**-**	**4,386,699**	**4,102,856**	**8,489,555**
Net fees and other receivables	**-**	**1,257,108**	**-**	**1,257,108**

31 August 2023

	Current	*0-365 Days*	*>365 Days*	*Total*
Expected credit loss rate	-	44%	100%	70%
Estimated total gross carrying	-	5,478,985	4,663,707	10,142,692
Expected credit loss	-	2,409,440	4,663,707	7,073,147
Net fees and other receivables	-	3,069,545	-	3,069,545

9 FEES AND OTHER RECEIVABLES (continued)

*Prepayments include AED 10.5 million (31 August 2023: AED 10.4 million) paid towards staff accommodation including advance house rent allowance.

**During the previous year, the Group has provided advance of AED 45 million to the liquidity provider to buy and sell its own shares in conjunction with an agreement entered by the Group. As at 31 August 2024, the amount held by liquidity provider amounts to AED 17.5 million (31 August 2023: AED 3.4 million) (Note 25).

10 WAKALA DEPOSITS

	2024 AED	*2023 AED*
Wakala deposits*	**396,051,150**	545,260,785
Less: Wakala deposits – original maturity less than 3 months (Note 11)	**(36,004,650)**	(70,112,868)
	360,046,500	475,147,917

Wakala deposits are placed with a local bank carrying profit mark-up rates ranging 4.00% to 5.50% (31 August 2023: 2.30% to 5.50% per annum).

*Out of the total IPO proceeds, Wakala deposits were placed with a financial institution in UAE with an original maturity period between 1-12 months and bearing interest at commercial rates. The Group has earned an interest income amounting to AED 21,531,369 from the Wakala deposits (31 August 2023: AED 21,428,548) (Note 22).

11 CASH AND CASH EQUIVALENTS

	2024 AED	*2023 AED*
Cash in hand	**46,353**	62,109
Cash at banks	**81,926,811**	57,369,435
Sukuk deposits (Note 21)*	**255,987,665**	100,000,000
Wakala deposits (Note 10)	**36,004,650**	70,112,868
	373,965,479	227,544,412
(Less): Restricted cash**	**(33,520,184)**	(27,277,810)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**340,445,295**	200,266,602

*Out of the total IPO proceeds, Sukuk deposits were placed with a financial institution in UAE which are callable on demand with an initial lock-in period of 30 days and bears interest at commercial rates. These deposits are classified as cash and cash equivalents as they are redeemable at any time after 30 days from deposit date without penalty and thus highly liquid in nature i.e. readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The Group has earned an interest income amounting to AED 8,853,472 from the Sukuk deposits (31 August 2023: AED 3,669,951) (Note 21 and 22).

**The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include AED 33,520,184 (31 August 2023: AED 27,277,810) which are held by the subsidiaries of the Company (i.e. Taaleem Sole Proprietorship LLC and Taaleem Management LLC). These bank balances are held for the restricted purpose of managing the operations of the ADEK charter schools and ESE Ajyal schools and therefore not available for use by the Group.

12 INTEREST BEARING LOANS AND BORROWINGS

	2024 ***AED***	*2023* *AED*
As at beginning of the year	**27,219,909**	332,422,210
Add: finance costs charged for the year (Note 23)	**1,384,162**	12,687,456
Add: Borrowing cost capitalized during the year (Note 8(i)(e) and 8(i)(f))	**3,807,153**	607,676
Add: loans drawn down (i and ii)	**112,000,000**	54,000,000
Less: finance costs paid for the year	**(4,232,716)**	(13,943,536)
Less: loans repaid during the year	**-**	(358,553,897)
As at the end of the year	**140,178,508**	27,219,909
Less: Current portion (relates to accrued interest)	**(1,178,508)**	(219,909)
Non-current portion	**139,000,000**	27,000,000

(i) During the year, the Group had drawn down an additional borrowing of AED 92,000,000 from the existing Ijarah facility for the purpose of construction activities of school building and premises of Dubai British School Jumeira. The amount is repayable in a bullet payment due in April 2026.

During the previous year, the Group had drawn down an additional borrowing of AED 54,000,000. Out of such amount, an amount of AED 27,000,000 was drawn towards the repayment of deferred consideration against the acquisition of JAS. This loan had been fully prepaid during the previous year.

Further, the remaining amount of AED 27,000,000 was drawn down for the purpose of construction activities of school building and premises of Dubai British School Jumeira. The amount is repayable in a bullet payment due in April 2026.

(ii) During the year, the Group obtained a new Islamic Covered Drawing (ICD) facility amounting to AED 130,000,000 million for the purpose of construction activities of school building and premises of Dubai British School Mira. The amount is repayable in a bullet payment due in July 2027. As of 31 August 2024, AED 20,000,000 has been utilized from this facility.

All loans and borrowings are obtained in AED.

The borrowings carry a profit at the rate of 1-3 months Emirates Inter Bank Offer Rate (EIBOR) plus a profit mark-up per annum (31 August 2023: 3 months EIBOR plus a profit mark-up per annum), which is payable on quarterly basis.

Borrowing costs amounting to AED 3,807,153 (31 August 2023: AED 607,676) have been capitalised as a part of qualifying assets during the year (Note 8(i)(e) and 8(i)(f)). The weighted average rate used to capitalise such borrowing costs was 1-3 months EIBOR plus a profit mark-up per annum.

12 INTEREST BEARING LOANS AND BORROWINGS (continued)

The above loans and borrowings are secured by:

(a) First rank legal mortgage over following properties (amended in existing mortgage with mortgage validity 2 year beyond facilities tenor end date) covering Taaleem Holdings P.J.S.C., Taaleem LLC and Taaleem Management LLC
- Plot No. 91, AI Hebaih Second, Dubai (Dubai Studio City building) for AED 88.2 million in favor of the bank.
- Plot No. 3923 (676-2451), Al Hebiah Third, Dubai (Jebel Ali School) for AED 205.7 million in favor of the bank.
- Plot no. 6648 (394-4046) located at AI Thanayah fourth, Dubai (Dubai British School, Dubai) for AED 40 million in favor of the bank.

(b) Assignment of comprehensive property all risk insurance over the mortgaged properties (with Emirates Islamic Bank PJSC being the first loss payee) , covering in a minimum the mortgage amounts.
(c) Assignment of receivables from Customer and M/s Taaleem Holding P.J.S.C. group entities, in respect of assignment and routing of all receivables, cash flows, school fees from the following bank approved schools under DBS, AAG, GIS, JBS, UIS, JAS, DBS-J and DBS-M.
(d) Assignment notice in Bank standard format, in respect of Point of Sale (POS) assignment from Dubai British School at Plot No. 3430443, Al Wasl, Dubai and Dubai British School at plot no. 9216993, 9216487 & 9216993.1, Mira – Al Aryam, Al Yalayis 1, Dubai, duly signed and acknowledged by the assignment notice counterparty (upon completion of construction).
(e) Account Pledge Agreement in respect of account/s required herein.

The Group is required under the above facilities to comply with the following financial covenants:

a) To maintain minimum DSCR of 1.4x at all times;
b) Maximum net debt / EBITDA of 4x; and
c) Maintain gearing ratio maximum of 1x at all times.

13 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2024 ***AED***	*2023* *AED*
As at beginning of the year	**32,969,372**	29,443,351
Add: provision for the year (Note 19)	**13,996,814**	12,629,226
Less: payments made during the year	**(7,951,253)**	(9,103,205)
As at the end of the year	**39,014,933**	32,969,372

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

14 DEFERRED INCOME ON GOVERNMENT GRANT

	2024 AED	*2023 AED*
At beginning of the year	**47,273,331**	48,745,974
Add: modification during the year	**-**	860,690
Less: transferred to profit or loss	**(2,333,333)**	(2,333,333)
As at the end of the year	**44,939,998**	47,273,331
Less: Current portion of deferred income on government grant	**(2,333,333)**	(2,333,333)
Non-current portion of deferred income on government grant	**42,606,665**	44,939,998

The allocated amount of deferred income pertaining to granted land for UIS phases 1, 2 and 3 has been computed based on student capacity of UIS (phases 1, 2 and 3). This allocated amount is amortised over useful life of the building constructed for UIS (Note 8 (i)(c)).

15 TRADE AND OTHER PAYABLES

	2024 AED	*2023 AED*
Trade payables	**44,599,017**	58,352,331
Accruals and other payables	**60,938,282**	52,464,200
Debentures payable	**16,461,916**	24,810,720
Retentions payable	**17,568,387**	1,978,934
Dividends payable	**45,000**	45,000
	139,612,602	137,651,185
Less:		
Long-term retentions payable	**(835,129)**	(1,978,934)
Long-term debentures payable	**(10,884,100)**	(18,054,911)
	127,893,373	117,617,340

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

Debentures payable:
Debentures payable include the following:

a. Debentures payable relates to proceeds on issuance of priority student seats offered at all the Taaleem Schools (other than Jebel Ali School) for third party corporates, whereby, each debenture is amortised over 15 years. As at 31 August 2024, the debentures payable amounted to AED 2.9 million (31 August 2023: AED 3.5 million).

b. In 2021-22, the Group acquired non-interest-bearing debentures as part of acquisition of Jebel Ali School of AED 43.3 million. The fair value on the date of acquisition was determined to be AED 39 million which is payable to the debenture holders (i.e. students and corporates) over the period of 5 years. As at 31 August 2024, the debentures payable pertaining to Jebel Ali School amounted to AED 13.6 million (31 August 2023: AED 21.3 million).

16.1 REVENUE

	2024 ***AED***	*2023* *AED*
Gross tuition fees	**907,686,729**	794,828,163
(Less): Discounts*	**(17,166,198)**	(15,054,720)
Net tuition fees	**890,520,531**	779,773,443
Management fees**	**16,888,149**	10,433,704
Application fees (on initial admission)	**2,113,330**	1,877,129
Other operating income (Note 20.1)	**35,721,339**	26,489,786
	945,243,349	818,574,062

Set out below is the disaggregation of the Group's revenue:

	2024 ***AED***	*2023* *AED*
Timing of revenue recognition		
Services transferred over time	**938,889,526**	813,267,671
Services transferred at a point in time	**6,353,823**	5,306,391
Total revenue from contracts with customers	**945,243,349**	818,574,062

The revenue is entirely earned in UAE.

Nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies are disclosed in Note 3.

*The Group also provides discount on tuition fees to its staff (Note 19).

**Management fee is earned from ADEK and ESE under the service agreement. Management fee includes fixed management fee of AED 7,302,003 (31 August 2023: AED 4,490,000) and variable management fee of AED 9,586,146 (31 August 2023: AED 5,943,704).

16.2 CONTRACT BALANCES

	2024 ***AED***	*2023* *AED*
Fees and other receivables (Note 9)	**1,257,108**	3,069,545
Fees received in advance	**328,281,594**	292,313,089

The amount of revenue recognised from fees received in advance at the beginning of the year is AED 292,313,089 (31 August 2023: AED 252,570,233).

17 OPERATING COSTS

	2024 ***AED***	*2023* *AED*
Staff costs and other benefits (Note 19)	**498,850,970**	438,243,466
School supplies	**31,651,795**	26,545,094
Lease rent and service charges (Note 28(iii))	**8,338,967**	6,319,061
Bank charges	**6,284,457**	5,023,360
Others (mainly visa, training and development)	**7,690,530**	6,786,949
	552,816,719	482,917,930

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2024 AED	*2023 AED*
Staff costs and other benefits (Note 19)	**30,809,155**	29,838,757
Water and electricity charges	**21,690,990**	19,575,846
Repairs and maintenance	**24,106,298**	18,357,371
Janitorial and security	**14,540,116**	14,023,260
Legal and professional	**11,696,529**	14,895,644
Marketing and advertisement	**10,031,681**	7,926,656
Board remuneration, compensation and other benefits (Note 21)	**5,250,000**	11,025,300
Impairment loss on fees and other receivables (Note 9)	**3,256,739**	5,398,219
Printing and stationery	**3,206,992**	2,909,114
Travel and communication	**2,410,161**	2,014,415
Office rent (Note 28(iii))	**1,002,314**	753,417
Others (mainly events, insurance, bank charges, penalties)	**4,798,743**	11,443,815
	132,799,718	138,161,814

The Group has made social contribution amounting to AED 359,813 for the year ended 31 August 2024 (31 August 2023: AED 230,641).

19 STAFF COSTS AND OTHER BENEFITS

	2024 AED	*2023 AED*
Salary and allowances	**395,097,016**	353,559,382
Staff accommodation (Note 28(iii))	**84,988,670**	68,629,137
Staff - discount on tuition fees	**35,577,625**	33,264,478
Employees' end of service benefits (Note 13)	**13,996,814**	12,629,226
	529,660,125	468,082,223
Staff costs are included in:		
Operating costs (Note 17)	**498,850,970**	438,243,466
General and administrative expenses (Note 18)	**30,809,155**	29,838,757
	529,660,125	468,082,223

20.1 OTHER OPERATING INCOME

	2024 AED	*2023 AED*
Transport income	**15,501,638**	12,381,505
Income - sports activity	**14,645,555**	9,467,979
Commission - uniforms	**2,862,558**	2,455,165
Commission - cafeteria	**1,377,935**	974,097
Debenture income	**688,736**	711,040
Income from conferences	**644,917**	500,000
	35,721,339	26,489,786

20.2 OTHER INCOME

	2024 ***AED***	*2023* *AED*
Bad debt recoveries (Note 9)	**1,579,913**	775,166
Gain on disposal of property and equipment	**131,433**	48,229
Miscellaneous income (mainly reversals of liabilities no longer required)	**5,448,217**	2,894,377
	7,159,563	3,717,772

21 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties includes the Group's significant shareholders as disclosed in Note 24, directors and other entities businesses, which are controlled directly or indirectly by the shareholders and directors, and entities over which they exercise significant management influence (hereinafter referred to as "affiliates") and key management personnel of the Group. Pricing policies and terms of these transactions are approved by the Group's management.

(a) Significant related party transactions

The aggregate value of significant transactions entered with related parties during the year is as follows:

Entity with significant influence over the Group:	***2024*** ***AED***	*2023* *AED*
National Bonds Corporation ("NBC")		
Profit from sukuk deposits (Note 22)	**8,853,472**	3,669,951
Cash dividends paid	**(24,599,865)**	(15,552,012)
Sukuk deposits made during the year, net	**(155,723,870)**	(84,000,000)
Knowledge Fund ("KF")		
Rent payment	**(2,178,838)**	(369,386)
Cash dividends paid	**(15,001,081)**	(12,273,612)
Tuition fees received from Board of Directors, net of discounts	**154,338**	185,137

Compensation to key management personnel

	2024 ***AED***	*2023* *AED*
Short-term employee benefits	**8,357,033**	5,360,500
Provision for employees' end of service benefits	**235,980**	139,452
Tuition fee discounts	**564,510**	631,971
Executive Committee and Audit Committee compensation	**1,150,000**	1,500,000
Board remuneration, compensation and other benefits (Note 18)	**5,250,000**	11,025,300
	15,557,523	18,657,223

21 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related party balances

Due from related parties

	2024 AED	*2023 AED*
National Bonds Corporation		
Sukuk deposits (Note 11)	**255,987,665**	100,000,000
Knowledge Fund		
Trade receivables	**315,664**	138,140

(c) Share capital

As at 31 August 2024, the shareholding includes 9.62% of shares in the Company held by the Board of Directors comprising 96,245,362 shares (31 August 2023: 9.63%, comprising 96,255,362 shares).

Terms and conditions of transactions with related parties

Except for the sukuk deposits (unsecured), other outstanding balances at the year-end are unsecured, interest free and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 August 2024, the Group has not recognised any provision for expected credit losses relating to amounts owed by the related parties (31 August 2023: Nil).

22 FINANCE INCOME

	2024 AED	*2023 AED*
Profit from wakala deposits (Note 10)	**21,531,369**	21,428,548
Profit from sukuk deposits (Note 21(a))	**8,853,472**	3,669,951
Finance income from sub-lease	**190,825**	200,134
Other finance income	**122,984**	206,078
	30,698,650	25,504,711

23 FINANCE COSTS

	2024 AED	*2023 AED*
Finance costs on lease liabilities (Note 28(ii))	**16,357,475**	11,249,612
Finance costs on interest bearing loans and borrowings (Note 12)	**1,384,162**	12,687,456
Unwinding of liability towards debentures payable	**1,280,610**	1,516,121
Unwinding impact of deferred payment for acquisition of Jebel Ali School (Note 6(b))	**-**	1,200,347
	19,022,247	26,653,536

Borrowing costs amounting to AED 3,807,153 (31 August 2023: AED 607,676) have been capitalised as a part of qualifying assets during the year (Note 8(i)(e), 8(i)(f) and Note 12).

24 SHARE CAPITAL

	2024 ***AED***	*2023* *AED*
Authorised, issued and fully paid up capital:		
1,000,000,000 ordinary shares of AED 1 each	**1,000,000,000**	1,000,000,000

The ownership of the Company is as follows:

Details of shareholders holding more than 5% of share capital ("significant shareholders")

	2024 ***% shareholding***	*2023* *% shareholding*
National bonds sole proprietorship PSC	**22.41%**	22.41%
Knowledge fund establishment	**13.64%**	13.64%
ITG Office limited (formerly Al Mal Capital PJSC)	**7.25%**	7.43%
Ahmad Saad Mohd Fawzi Al Khayyat	**6.19%**	6.19%
Norges Bank	**5.23%**	4.74%
Commercial investment group LLC	**-**	7.25%

The total proceeds received from the IPO subscription were AED 750,000,000. Of this, AED 250,000,000 has been recorded as an increase in share capital and the balance amounting to AED 500,000,000 attributable to the premium on issuance of new shares has been classified as part of statutory reserve in accordance with Article 196 of the UAE Federal Law No. (32) of 2021 before deducting IPO transaction costs amounting to AED 20,837,261 that were directly attributable to issuance of such new shares.

25 OWN SHARES

During 2022-23, the Group had engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Group's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility.

At 31 August 2024, the Market Maker held 5,935,113 (31 August 2023: 10,511,347) of the Company's shares on behalf of the Group at par value and the Group recorded the premium paid over and above par value as own shares reserve of AED 23.01 million (31 August 2023: AED 31.06 million), which is classified under equity as at 31 August 2024.

Further, accumulated loss (net) of AED 6.78 million has been recognised until 31 August 2024 and netted off against own shares reserves (31 August 2023: accumulated gain (net) of AED 1.96 million). The advance receivable from liquidity provider as at 31 August 2024 amounts to AED 17.5 million (31 August 2023: receivable of AED 3.4 million). The dividends from own shares earned during the year ended 31 August 2024 amounts to AED 1.45 million (31 August 2023: Nil).

26 STATUTORY RESERVE

In accordance with the U.A.E. Federal Decree Law No. (32) of 2021, the Company and its subsidiaries have established a statutory reserve by appropriation of 10% of profit for each year until the reserve reached 50% of the share capital. This reserve is not available for distribution except in circumstances stipulated by the Law. During current year, no amount is transferred to statutory reserve as it has already reached 50% of the respective paid-up capital of the Company and its subsidiaries.

27 DIVIDENDS

During the shareholders' meeting dated 31 October 2023, the shareholders approved a dividend of AED 0.11 per share amounting to AED 110,000,000 (2023: Dividend of AED 0.09 per share amounting to AED 67,500,000 on 28 October 2022). Of this, dividend amounting to AED 110,000,000 was paid during the year ended 31 August 2024 (2023: of this, dividend amounting to AED 67,455,000 was paid during the year ended 31 August 2023).

28 LEASES

The Group leases land and buildings. Lease terms and rental calculations vary between different lease agreements. The leases typically run between 20 to 50 years.

i. Right-of-use assets

	2024 AED	*2023 AED*
At the beginning of the year	**211,434,597**	177,130,827
Additional lease assets	**66,183,589**	48,518,451
Lease modifications	**(4,605)**	-
Amortisation charge for the year	**(17,357,486)**	(14,214,681)
At the end of the year	**260,256,095**	211,434,597

In 2021-22, net investment in finance lease recognised as of the date of derecognition of the head lease amounted to AED 3,707,742. As at 31 August 2024, the carrying value of net investment in finance lease amounting AED 3,260,205 (31 August 2023: AED 3,623,459).

ii. Lease liabilities

	2024 AED	*2023 AED*
At the beginning of the year	**234,165,992**	201,000,269
Additional lease liabilities	**66,183,589**	43,401,970
Finance costs on lease liabilities (Note 23)	**16,357,475**	11,249,612
Less: payments made against lease liabilities	**(24,285,072)**	(21,485,859)
At the end of the year	**292,421,984**	234,165,992
Less: current portion of lease liabilities	**(17,013,944)**	(18,367,004)
Non-current portion	**275,408,040**	215,798,988

During the year ended 31 August 2024, the Group entered into a new land lease agreement for construction of a school in Dubai. The lease commenced on 29 January 2024 and has a lease term of 30 years.

iii. Amounts recognised in the consolidated statement of profit or loss

	2024 AED	*2023 AED*
Amortisation of right-of-use assets	**17,357,486**	14,214,681
Finance cost on lease liabilities (Note 23)	**16,357,475**	11,249,612
Expense relating to short term leases and low value assets (recognition exemption under IFRS 16)*	**94,329,951**	75,701,615
	128,044,912	101,165,908

28 LEASES (continued)

iii. Amounts recognised in the consolidated statement of profit or loss (continued)

*Expense relating to short term leases and low value assets recorded in the consolidated statement of profit or loss are as under:

	2024 AED	*2023 AED*
Staff accommodation (Note 19)	**84,988,670**	68,629,137
Lease rent and service charges (Note 17)	**8,338,967**	6,319,061
Office rent (Note 18)	**1,002,314**	753,417
	94,329,951	75,701,615

iv. Amounts recognised in the consolidated statement of cash flows

	2024 AED	*2023 AED*
Total cash outflows for leases (excluding cash outflow relating to recognition exemption for short-term leases and low value assets)	**24,285,072**	21,485,859

29 CONTINGENCIES AND CAPITAL COMMITMENTS

		2024 AED	*2023 AED*
(a)	Capital commitments	**148,182,646**	127,489,321
(b)	Bank guarantees	**293,765,207**	209,695,692

As at 31 August 2024, the Group's capital commitments relates to its on-going construction of Dubai British School, Jumeira, Dubai British School, Mira and Greenfield International School in Dubai, UAE.

Bank guarantees mainly pertains to the following:

(i) guarantees issued by the Group in favor of Abu Dhabi Department of Education and Knowledge in relation to the management agreement entered by the Group.
(ii) guarantees issued by the Group in favor of Emirates Schools Establishment in relation to the underlying management agreement for operation of schools.
(iii) guarantees issued by the Group in favor of Knowledge Fund Establishment in relation to the construction of Dubai British School, Jumeirah.

30 SEGMENT INFORMATION

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has determined the chief operating decision maker to be its Chief Executive officer who undertakes such decision in consultation with the Board of Directors. The Group has a single reportable segment classified as "School operations" which encompasses the management, operation and related ancillary activities related to the day-to-day function of all the schools under the purview of the chief operating decision maker.

30 SEGMENT INFORMATION (continued)

The determination of the Group's operating segment is based on the information which is reported to chief operating decision maker for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Transactions between segments, if any, are conducted at mutually agreed terms and conditions and are fully eliminated on consolidation.

Geographic segments
As at 31 August 2024, all of the business activities and operations of the Group are in the UAE.

Primary segment information
Segmental information is presented below:

Year ended 31 August 2024 (In AED):

	School operations	*Corporate head office*	*Consolidated*
Revenue			
External customers	**945,243,349**	**-**	**945,243,349**
Finance and other income			
Finance income	**30,698,650**	**-**	**30,698,650**
Other income	**7,159,563**	**-**	**7,159,563**
Income from deferred government grant	**2,333,333**	**-**	**2,333,333**
Expenses			
Staff costs	**(520,502,602)**	**(9,157,523)**	**(529,660,125)**
Operating costs and general and administrative expenses	**(149,556,312)**	**(6,400,000)**	**(155,956,312)**
Depreciation, impairment and amortisation	**(100,381,926)**	**-**	**(100,381,926)**
Finance costs	**(19,022,247)**	**-**	**(19,022,247)**
Segmental profit	**195,971,808**	**(15,557,523)**	**180,414,285**

Year ended 31 August 2023 (In AED):

	School operations	*Corporate head office*	*Consolidated*
Revenue			
External customers	818,574,062	-	818,574,062
Finance and other income			
Finance income	25,504,711	-	25,504,711
Other income	3,717,772	-	3,717,772
Income from deferred government grant	2,333,333	-	2,333,333
Expenses			
Staff costs	(461,950,300)	(6,131,923)	(468,082,223)
Operating costs and general and administrative expenses	(140,472,221)	(12,525,300)	(152,997,521)
Depreciation, impairment and amortisation	(86,619,673)	-	(86,619,673)
Finance costs	(26,653,536)	-	(26,653,536)
Segmental profit	134,434,148	(18,657,223)	115,776,925

30 SEGMENT INFORMATION (continued)

Primary segment information (continued)
Corporate head office is not an operating segment and comprises mainly administrative and payroll costs relating to the certain key management personnel which are not assigned to the "School operations" segment.

	2024	*2023*
	AED	*AED*
Reconciliation of profit		
Segment profit	**180,414,285**	115,776,925
Rental income	**1,631,784**	1,561,668
Profit for the year before tax	**182,046,069**	117,338,593

Other segment information
Segment assets and liabilities comprise all assets and liabilities reflected in the consolidated statement of financial position as at 31 August 2024 and 2023. This is entirely attributable to the "School operations" segment. All such assets (including capital expenditure) and liabilities are relating to the Group's operations in UAE.

31 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to the shareholders by weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent (adjusted for the effect of dilution, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 August 2024 and 2023, there were no shares which were dilutive in nature.

The information necessary to calculate basic and diluted earnings per share is as follows:

	2024	*2023*
	AED	*AED*
Profit for the year attributable to equity holders of the Company (AED)	**138,001,982**	117,338,593
Weighted average number of shares*	**990,950,162**	932,794,555
Attributable to the shareholders:		
Basic and diluted earnings per share (AED per share)	**0.14**	0.13

*the weighted number of ordinary shares takes into account the weighted average effect of changes in own shares during the year.

32 CURRENT INCOME TAX AND DEFERRED TAX

With the introduction of corporate tax in the United Arab Emirates, the Group is subject to corporate income tax at 9% on the taxable profits. The major components of income tax expense in the consolidated statement of profit or loss are:

	2024 *AED*
Current income tax	
Current income tax expense	**(16,706,004)**
Deferred tax	
Deferred income tax expense relating to origination and reversal of temporary differences	**(27,338,083)**
Income tax expense reported in the consolidated statement of profit or loss	**(44,044,087)**

Following is the reconciliation of current income tax expense and accounting profit:

	2024 *AED*
Accounting profit for the period before tax	**182,046,069**
At the UAE statutory tax rate of 9% charged during the year	**(16,384,146)**
Adjustments in respect of standard deduction as per the Law*	**67,500**
Non-deductible expense for tax purpose:	
Entertainment expense (50% allowed as per the Law)	**(68,190)**
Fines and penalties (disallowed as per the Law)	**(40,124)**
Adjustment on historical business combinations	**(281,044)**
At the effective current income tax rate of 9.18%	**(16,706,004)**

*As per the UAE CT law, maximum standard deduction applicable for each tax group is AED 375,000. The standard deduction applicable for the two tax groups considered by the Group amounts to AED 750,000 on which tax rate at 9% amounts to AED 67,500.

As at 31 August 2024, income tax provision amounts to AED 16,706,004 (31 August 2023: Nil).

The deferred tax liability comprises of the following temporary differences:

	2024 *AED*
Goodwill	**21,599,798**
Other intangible assets	**3,254,781**
Other fair value adjustments (mainly relates to property and equipment)	**2,483,504**
As at 31 August	**27,338,083**

32 CURRENT INCOME TAX AND DEFERRED TAX (continued)

	2024
	AED
Reconciliation of deferred tax liabilities, net:	
As at 1 September 2023	**-**
Tax expense recognised during the year*	**(27,694,215)**
Tax benefit due to amortisation during the year	**356,132**
As at 31 August 2024	**(27,338,083)**

*The deferred tax liability is recognised in relation business combinations undertaken by the Company in UAE prior to the effective date of the enactment of the UAE CT law.

For the purpose of determining income tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. The Group has not identified any material risks or uncertainties in the structure from a corporate tax perspective and will continuously monitor further developments that could impact the tax profile of the Group.

33 SUBSEQUENT EVENTS

Subsequent to the year, the Board of Directors of the Company has proposed a cash dividend of AED 120 million (AED 0.12 per share), which is subject to the approval of the shareholders at the forthcoming Annual General Assembly of the Company. There were no other significant events subsequent to the year-end that requires either adjustments or disclosures in the consolidated financial statements.

34 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements. Such reclassifications do not affect the previously reported consolidated profit or equity.