

ENVIRONMENT SOCIETY OF OMAN

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31ST DECEMBER 2005**

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ENVIRONMENT SOCIETY OF OMAN

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2005

ENVIRONMENT SOCIETY OF OMAN

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We have audited the attached balance sheet of Environment Society of Oman, as at 31st December 2005, and the related statements of income and expenditure and cash flow for the twenty two months then ended.

The responsibility for the preparation and presentation of these financial statements is the responsibility of the society's Board of Directors. Our audit is based on the work of the auditors.

Our opinion is based on the work of the auditors. We believe that our work provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly, in all material respects, the financial position of Environment Society of Oman as at 31st December 2005, results of its operation and the cash flows for the twenty two months then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Environment Society of Oman as at 31st December 2005, results of its operation and the cash flows for the twenty two months then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board.

[Signature]

HAVIS KALLUKARAN
AGN MAK GHAZALI & CO
CHARTERED CERTIFIED ACCOUNTANTS
MH/196

Place: Muscat
Date: 27-03-2006



AGN MAK GHAZALI llc

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اجبي ان ماك والبغزالي ش.م.م.

محاسبون قانونيون مجازون

الطابق الأول، برج جيتكو، المنطقة التجارية - مطرح

ص.ب: ٩٧١، الرمز البريدي: ١٣١، الحميرية، سلطنة عُمان

هاتف: ٢٤٧٩٤١٥٨/١٧٦، فاكس: ٢٤٧٩٤١٨١

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Website: <http://www.agnoman.com>، س.ت رقم: ١/٤٨٨٦٢/٧

Report of the Auditors to

The Members

ENVIRONMENT SOCIETY OF OMAN

Sultanate of Oman

We have audited the attached balance sheet of Environment Society of Oman, as at 31st December 2005 and the related statements of income and expenditure and cash flows for the twenty two months then ended.

Respective responsibilities of the Board of Directors and auditors

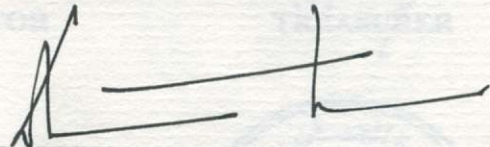
These financial statements are the responsibility of the society's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Environment Society of Oman as at 31st December 2005, results of its operation and the cash flows for the twenty two months then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board.


DAVIS KALLUKARAN
AGN MAK GHAZALI llc
CHARTERED CERTIFIED ACCOUNTANTS
MH/1/95

Place: Muscat

Date : 27-03-2006

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Our Mission:

"To provide the highest level of information and professional services for clients worldwide"



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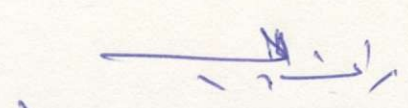
ENVIRONMENT SOCIETY OF OMAN

BALANCE SHEET AS AT 31ST DECEMBER 2005

	<u>Notes</u>	<u>31-12-2005</u> <u>RO</u>
Non current assets:		
Fixed assets	2	<u>4,790</u> <u>4,790</u>
Current assets:		
Stock	3	1,098
Cash at bank		<u>14,641</u> <u>15,739</u>
Current liabilities:		
Creditors and accruals	4	<u>990</u> <u>990</u>
Net current assets		14,749
Total assets		<u>19,539</u>
Represented by:		
Retained income		<u>19,539</u> <u>19,539</u>

The accounting policies and notes on pages 5 to 8 form part of these financial statements.
The financial statements on pages 2 to 8 were approved by the Board of Directors on ... 27/02/06 and were signed on their behalf by:


CHAIRMAN


EXECUTIVE DIRECTOR


TREASURER

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ENVIRONMENT SOCIETY OF OMAN

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31ST DECEMBER 2005

	<u>Notes</u>	<u>24-03-2004 to</u> <u>31-12-2005</u> <u>RO</u>
<i>Cash flows from operating activities:</i>		
Income:		
Donations and sponsorship		12,340
Sales		9,652
Membership fee		<u>4,863</u>
		<u>26,855</u>
<i>Cash generated from operating activities</i>		
Expenditure:		
Merchandise purchase		1,786
Administrative and general expenses	5	5,080
Depreciation		<u>450</u>
		<u>7,316</u>
Excess of income over expenditure		<u>19,539</u>

The accounting policies and notes on pages 5 to 8 form part of these financial statements.



ENVIRONMENT SOCIETY OF OMAN

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31ST DECEMBER 2005

24-03-2004 to
31-12-2005
RO

Cash flows from operating activities:

Net income for the period 19,539

Adjustments for:

Depreciation 450

Increase in stock (1,098)

Increase in creditors and accruals 990

Cash generated from operating activities 19,881

Cash flows from investing activities:

Purchase of fixed assets (5,240)

Net cash used in investing activities (5,240)

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period -

Cash and cash equivalents at the end of the period 14,641

The accounting policies and notes on pages 5 to 8 form part of these financial statements



ENVIRONMENT SOCIETY OF OMAN

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the Standing Interpretations Committee of the IASB.

The principal accounting policies are summarised below:

Income

Income consists of membership fee, donations, sponsorships and income from sale of merchandise.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed asset is written off in equal installments over the estimated useful lives of the asset. The rates of depreciation are:

Furniture and fixtures	33.33%
Office equipment	25%

Stock

Stock is valued at cost.

Payables and accruals

Payable and accruals are stated at their cost.

Cash and cash equivalents

Cash and cash equivalents comprise of bank balances.

Impairment

An assessment is made at each balance sheet date to determine whether there is an indication of impairment of any financial asset. If any such indications exist, the estimated recoverable amount of that asset is determined and an impairment loss recognised for the difference between the recoverable amount and the carrying amount. Impairment losses are recognised in the income and expenditure account.



ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2005

1.(a) Legal status and principal activities

Environment Society of Oman is a non profit making organisation established in the Sultanate of Oman on 24th March 2004 according to decision no. 42/2004 of the Ministry of Social Development.

The society is engaged in environment maintenance and development of related knowledge in Oman and is managed by the Board of Directors of the society.

1.(b) Reporting period

The financial statements are prepared for a period of 22 months from 24-03-2004 to 31-12-2005.

These are the first audited financial statements of the society.

2. Fixed assets

	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Total</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost:			
Additions during the period	<u>2,725</u>	<u>2,515</u>	<u>5,240</u>
Total as on 31-12-2005	<u>2,725</u>	<u>2,515</u>	<u>5,240</u>
Depreciation:			
Charge for the period	<u>240</u>	<u>210</u>	<u>450</u>
Total as on 31-12-2005	<u>240</u>	<u>210</u>	<u>450</u>
Net book value:			
As on 31-12-2005	<u>2,485</u>	<u>2,305</u>	<u>4,790</u>



3. Stock	<u>31-12-2005</u>
	<u>RO</u>
T-shirts	548
Wheel cover	256
Mug	280
Mouse pad	<u>14</u>
	<u>1,098</u>
4. Creditors and accruals	
Accounts payable	510
Accrued expenses	<u>480</u>
	<u>990</u>

5. Administrative and general expenses	Period ended
	<u>31-12-2005</u>
	<u>RO</u>
Rent	1,200
Advertising	371
Conference and seminars	2,581
Travel expenses	127
Printing and stationery	38
Telephone and internet	65
Electricity and water	36
Other sundry expenses	<u>662</u>
	<u>5,080</u>

6. Income tax

The Board of Directors represents that the society is not a taxable entity under the definitions provided in the Income tax law of the Sultanate of Oman, and therefore no income tax is recognised in these financial statements.



7. Fair value of financial instruments

The Board of Directors does not foresee any financial risk that affect the amount, timing and certainty of future cashflows relating to financial instruments and the accounting policies applied to the instruments. Hence the carrying amount was considered to be a reasonable estimate of the fair value of the financial instruments.

8. Comparative figures

This being the first audited financial statements of society's operations, comparative figures are not available.

The accounting policies and notes on pages 5 to 8 form part of these financial statements.

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