



Environment Society of Oman

Financial statements

31 December 2007

Registered address:

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Sultanate of Oman

Environment Society of Oman

Financial statements

31 December 2007

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVIRONMENT SOCIETY OF OMAN

Report of the Auditors

We have audited the financial statements of Environment Society of Oman ("the Society") set out on pages 2 to 10, which comprise the balance sheet as at 31 December 2007 and the revenue and expenditure statement, changes in member's fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management responsibility for the financial statements

The Management of the Society is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2007 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

13 March 2009



KPMG

ENVIRONMENT SOCIETY OF OMAN

Balance sheet

as at 31 December

	Note	2007 RO	2006 RO
Non-current assets			
Fixed assets	3	11,405	11,352
Current assets			
Stock	4	2,106	1,729
Deposits and advances		266	-
Cash at bank and in hand	5	29,077	32,856
Total current assets		31,449	34,585
Current liabilities			
Creditors and accruals	6	(1,455)	(1,203)
Net current assets		29,994	33,382
Total net assets		41,399	44,734
Represented by Member's Fund		41,399	44,734

The notes on pages 6 to 10 form an integral part of these financial statements.

We approve and authorise for issue these financial statements on behalf of the Board of Directors.

Chairman

 2008

Executive Director



Treasurer



The report of the Auditors is set forth on page 1.



ENVIRONMENT SOCIETY OF OMAN

Statement of revenue and expenditure

for the year ended 31 December

	<i>Note</i>	2007 RO	2006 RO
Revenue			
Donation and sponsorship		16,292	29,855
Membership fees		4,945	4,927
Sales		2,343	10,235
		<hr/>	<hr/>
Gross profit		23,580	45,017
Expenditure			
Cost of sales		244	1,359
Project expenses		3,668	-
Administrative and general expenses	7	17,422	13,840
Depreciation		5,581	4,236
		<hr/>	<hr/>
		26,915	19,435
		<hr/>	<hr/>
Excess of revenue over expenditure		(3,335)	25,582
		<hr/> <hr/>	<hr/> <hr/>

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The report of the Auditors is set forth on page 1.

ENVIRONMENT SOCIETY OF OMAN

Statement of changes in Members' Fund

as at 31 December

	2007	2006
	RO	RO
1 January	44,734	19,152
Excess of revenue over expenditure for the year	(3,335)	25,582
31 December	41,399	44,734

The notes on pages 6 to 10 form an integral part of these financial statements.

The report of the Auditors is set forth on page 1.

ENVIRONMENT SOCIETY OF OMAN

Cash flow statement

for the year ended 31 December

	2007 RO	2006 RO
Cash flows from operating activities		
Net income for the period	(3,335)	25,582
Adjustments for:		
Depreciation	5,581	4,236
Increase in stock	(377)	(631)
Increase in deposits and advances	(266)	-
Increase (decrease) in creditors and accruals	252	(333)
Net cash from operating activities	<u>1,855</u>	<u>28,854</u>
Cash flows from investing activities		
Purchase of fixed assets	(5,634)	(10,798)
Net cash used in investing activities	<u>(5,634)</u>	<u>(10,798)</u>
Net increase in cash and cash equivalent	(3,779)	18,056
Cash and cash equivalents at beginning of the year	32,856	14,641
Cash and cash equivalents at end of the year	<u><u>29,077</u></u>	<u><u>32,856</u></u>

The notes on pages 6 to 10 form an integral part of these financial statements.

The report of the Auditors is set forth on Page 1.

ENVIRONMENT SOCIETY OF OMAN

Notes

(forming part of the financial statements)

1 **Legal status and principal activities**

Environment Society of Oman (the "Society") is a non profit making organisation established in the Sultanate of Oman on 24 March 2004 in accordance with Ministerial decision 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.

2 **Principle accounting policies**

a) *Statement of compliance*

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and its interpretation adopted by the International Accounting Standards Board ("IASB"). In August 2005, the IASB issued IFRS 7 "financial instruments: disclosures" which is effective for the accounting years beginning on or after 1 January 2007. The Company believes that IFRS 7 will not affect the Company's financial position or results of operation presented in future financial statements as it relates solely to the content or format of the financial instruments disclosure.

b) *Basis of Preparation*

The financial statements are presented in Omani Rials which is the functional currency of the Society. They are prepared on the historical cost basis. The accounting policies have been applied consistently.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

c) *Functional currency*

These financial statements are presented in Rial Omani (RO), which is the Society's functional currency.

d) *Use of estimates and judgments*

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

ENVIRONMENT SOCIETY OF OMAN

Notes

(forming part of the financial statements)

2 Principle accounting policies (continued)

d) Use of estimates and judgments (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, estimates that involve uncertainties and judgments which have a significant effect on the financial statements include provisions for impairment of receivables.

e) Provisions

A provision is recognised in the balance sheet when The Society has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

f) Payables and accruals

Payables and accruals are stated at cost.

g) Taxation

The Society is not subject to Omani income tax nor required to file Oman tax returns.

The accounting policies set out below have been applied consistently by the Society and are consistent with those used in the previous year.

h) Fixed assets

Items of furniture & fixtures, office equipments and Turtle project are stated at cost less accumulated depreciation and impairment losses. Subsequent expenditure is capitalise only when it increased the future economic benefits embodied in fixed assets. All other expenditure are recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of fixtures, furniture's and equipment. The estimated useful economic lives are as follows:

	%
Furniture and Fixtures	33.33
Office equipment	25
Turtle Project	25
Vehicles	20

Management reassess the useful lives, residual values and depreciation methods for furniture and fixtures, office equipment and Turtle project annually.

(i) Impairment

The carrying values of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

ENVIRONMENT SOCIETY OF OMAN

Notes

(forming part of the financial statements)

2 Significant accounting policies (continued)

(i) Impairment (continued)

The recoverable amount of the Society's receivables is calculated as the present value of expected future cash flows, discounted at the original interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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 risk specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

j) Other receivables

Other receivables are stated at their cost less impairment losses, if any.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

l) Income

Income consists of membership fee, donations, sponsorship and income from the sale of merchandise. Income is recognized in the period in which it is received.

3 Fixed assets

	Furniture and fixtures RO	Office equipment RO	Vehicle RO	Turtle project RO	Total RO
<i>Cost</i>					
1 January 2007	2,725	3,015	-	10,298	16,038
Additions	1,634	-	4,000	-	5,634
31 December 2007	4,359	3,015	4,000	10,298	21,672
<i>Depreciation</i>					
1 January 2007	1,148	964	-	2,574	4,686
Charge for the year	1,453	754	800	2,574	5,581
31 December 2007	2,601	1,718	800	5,148	10,267
<i>Net book value</i>					
31 December 2007	1,758	1,297	3,200	5,150	11,405
31 December 2006	1,577	2,051	-	7,724	11,352

ENVIRONMENT SOCIETY OF OMAN

Notes

(forming part of the financial statements)

4	Stock	2007	2006
		RO	RO
	Bags	115	-
	Mugs	94	71
	T-shirts	137	141
	Wheel cover	313	357
	Books	1,447	1,160
		<u>2,106</u>	<u>1,729</u>
		<u><u>2,106</u></u>	<u><u>1,729</u></u>
5	Cash at bank and in hand		
	Cash at bank	29,077	32,855
	Cash in hand	-	1
		<u>29,077</u>	<u>32,856</u>
		<u><u>29,077</u></u>	<u><u>32,856</u></u>
6	Creditors and accruals		
	Accounts payable	-	510
	Accrued expenses	1,455	693
		<u>1,455</u>	<u>1,203</u>
		<u><u>1,455</u></u>	<u><u>1,203</u></u>
7	Administrative and general expenses		
	Exhibitions, Conference and seminars	1,771	4,575
	Salary	5,330	2,922
	Advertisement	696	957
	Rent	3,120	1,800
	Printing and stationary	841	1,640
	Other sundry expenses	3,002	1,188
	Audit	-	400
	Telephone and internet	507	216
	Electricity and water	162	142
	Travel	993	-
	Donation for Gonu	1,000	-
		<u>17,422</u>	<u>13,840</u>
		<u><u>17,422</u></u>	<u><u>13,840</u></u>

ENVIRONMENT SOCIETY OF OMAN

Notes

(forming part of the financial statements)

8 **Fair value of financial instruments**

The Board of Directors does not foresee any financial risk that affects the amount, timing and certainty of future cash flows 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.

9 **Taxation**

The Society does not consider itself to be liable to taxation in view of the non-profit nature of the Society and have communicated to the Taxation Authorities accordingly. Therefore no provision for taxation has been made in these financial statements.

In the unlikely event that The Society be subject to tax, the Board of Directors believe that the resultant taxation will not be material to the financial position of The Society.

10 **Capital commitment**

At the balance sheet date, The Society did not have any capital commitments.