



ENVIRONMENT SOCIETY OF OMAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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ENVIRONMENT SOCIETY OF OMAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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Independent auditor's report to the members of Environment Society of Oman

We have audited the financial statements of **Environment Society of Oman** (the Society) which comprise the balance sheet as at 31 December 2008 and the statement of income and expenditure, statement of changes in members funds and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management 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 misstatement, 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 ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 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 accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

15 March 2010
Muscat, Sultanate of Oman

ENVIRONMENT SOCIETY OF OMAN

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RO	2007 RO
Income			
Donations and sponsorship		275,772	16,292
Membership fees		15,105	4,945
Miscellaneous sales		<u>1,723</u>	<u>2,343</u>
Total income		<u>292,600</u>	<u>23,580</u>
Expenditure			
Cost of miscellaneous sales		1,650	244
Project expenses		123,488	3,668
Administrative expenses	4	56,879	17,422
Depreciation	5	<u>5,916</u>	<u>5,581</u>
		<u>187,933</u>	<u>26,915</u>
Surplus/(deficit) for the year		<u>104,667</u>	<u>(3,335)</u>

The notes on pages 6 to 9 form an integral part of these financial statements.

Report of the Auditors - page 1.

ENVIRONMENT SOCIETY OF OMAN

BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008 RO	2007 RO
ASSETS			
Non-current assets			
Fixed assets	5	<u>8,322</u>	<u>11,405</u>
Current assets			
Stock	6	1,769	2,106
Sundry debtors and advances		1,060	266
Cash at bank and in hand	7	<u>144,982</u>	<u>29,077</u>
Total current assets		<u>147,811</u>	<u>31,449</u>
Total assets		<u>156,133</u>	<u>42,854</u>
MEMBERS FUNDS			
		<u>146,066</u>	<u>41,399</u>
LIABILITIES			
Current liabilities			
Accruals and other payables	8	<u>10,067</u>	<u>1,455</u>
Total Members fund and liabilities		<u>156,133</u>	<u>42,854</u>

The financial statements on pages 2 to 9 were approved by the members on 13 March 2010 and were signed on their behalf by:


Tania Al Said
President


Yasser Macki
Treasurer


Lamees Daar
Executive Director



ENVIRONMENT SOCIETY OF OMAN

**STATEMENT OF CHANGES IN MEMBERS FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 RO	2007 RO
At 1 January	41,399	44,734
Surplus/(deficit)	<u>104,667</u>	<u>(3,335)</u>
At 31 December	<u>146,066</u>	<u>41,399</u>

The notes on pages 6 to 9 form an integral part of these financial statements.

Report of the Auditors - page 1.

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 RO	2007 RO
Cash flow generated from/(used) in operating activities		
Net income for the period	104,667	(3,335)
Adjustments for:		
Depreciation	5,916	5,581
Gain on disposals of fixed assets	(133)	-
(Increase)/decrease in stock	337	(377)
(Increase) in sundry debtors and advances	(794)	(266)
Increase in accruals and other payables	<u>8,612</u>	<u>252</u>
Net cash generated from operating activities	<u>118,605</u>	<u>1,855</u>
Investing activities		
Purchase of fixed assets	<u>(2,699)</u>	<u>(5,634)</u>
Net cash used in investing activities	<u>(2,699)</u>	<u>(5,634)</u>
Net increase in cash and cash equivalents	<u>115,905</u>	<u>(3,779)</u>
Cash and cash equivalents at beginning of the year	<u>29,077</u>	<u>32,856</u>
Cash and cash equivalents at the end of the year	<u>144,982</u>	<u>29,077</u>

The notes on pages 6 to 9 form an integral part of these financial statements.

Report of the Auditors - page 1.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1 Legal status and principal activities

The 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 from the Ministry of Social Development.

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

2 Summary of significant accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) The financial statements are prepared on the historical cost basis as disclosed in the accounting polices below, and in accordance with International Financial Reporting Standards (IFRS).

(b) The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Society's accounting policies. The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed in the respective accounting policies.

(c) Standards, amendments and interpretations effective in 2008 but not relevant for the Society:

IFRIC 11, IFRS 2, Group and treasury share transactions (effective from 1 January 2008);

IFRIC 12, Service Concession Arrangements (effective from 1 January 2008);

IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008).

(d) The following standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2009 or later periods and which are not yet effective and have not been early adopted or are not relevant for the Society :

IAS 1 (Revised and Amendment) Presentation of financial statements (effective from 1 January 2009);

IAS 16 (Amendment), Property, plant and equipment (and consequential amendment to IAS 7, Statement of cash flows) (effective from 1 January 2009);

IAS 19 (Amendment), Employee benefits (effective from 1 January 2009);

IAS 20 (Amendment), Accounting for government grants and disclosure of government assistance (effective from 1 January 2009);

IAS 23 (Amendment), Borrowing costs (effective from 1 January 2009);

IAS 27 (Revised and Amendment), Consolidated and separate financial statements, (effective from 1 July 2009);

IAS 28 (Amendment), Investments in associates (and consequential amendments to IAS 32, Financial Instruments: Presentation, and IFRS 7, Financial instruments: Disclosures);

IAS 32 (Amendment), Financial Instruments: Presentation, and IAS 1 (Amendment), Presentation and financial statements - Puttable financial instruments and obligations arising on liquidation (effective from 1 January 2009);

IAS 36 (Amendment), Impairment of assets (effective from 1 January 2009);

IAS 39 (Amendment), Financial instruments: Recognition and measurement (effective from 1 January 2009);

IAS 40 (Amendment), Investment property (and consequential amendments to IAS 16) (effective from 1 January 2009); and

IFRIC 13, Customer loyalty programmes (effective from 1 July 2008).

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

2 Summary of significant accounting policies (continued)

2.2 Income

Income consists of membership fees, donations, sponsorships, and income from sale of merchandise. Income is recognised in the period in which it is received.

2.3 Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of primary economic environment in which the Society operates ('the functional currency'). The financial statements are presented in Rial Omani, which is the Society's functional and presentation currency. The Society has no foreign currency transactions or foreign currency assets and liabilities.

2.4 Income tax

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

2.5 Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets is their purchase price together with any incidental expenses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

The cost of fixed assets is written down to residual value in equal instalments over the estimated useful lives of the assets. The estimated useful lives are:

Furniture, fixtures and equipment	33.33%
Office equipment	25%
Turtle project equipment	25%
Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

2.6 Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and includes expenditure incurred in acquiring the stock and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses. Provision is made where necessary for slow moving stock, damaged and obsolete items.

2.7 Sundry debtors and advances

Sundry debtors and advances are recognised initially at fair value, less provision for impairment. A provision for impairment is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms.

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

2 Summary of significant accounting policies (continued)

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all bank balances with a maturity of three months or less from date of placement.

2.9 Accruals and other payables

Accruals and other liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Society.

3 Financial risk management

The Society's activities, does not expose it to a significant variety of financial risks and except for exposures with banks. Management's policy is to deal only with reputed banks and financial institutions. Management does not expect any losses from non-performance by these counterparties.

In accordance with prudent liquidity risk management, the members aim to maintain sufficient cash to settle liabilities. The Society's financial liabilities consisting of (accruals and other payables) are the contractual undiscounted cash flows which are due within twelve months from the balance sheet date.

4 Administrative expenses

	2008 RO	2007 RO
Salaries and wages	22,044	4,280
Exhibitions, conferences and seminars	11,890	1,253
Rent	7,955	3,120
Advertisement	4,107	896
Printing and stationery	4,503	1,055
Transportation	1,068	-
Travel	782	993
Electricity and water	765	103
Vehicle insurance and registration	270	-
Telephone and internet	232	360
Donation for cyclone Gonu	-	1,000
Other sundry expenses	<u>3,263</u>	<u>3,151</u>
	<u>56,879</u>	<u>16,211</u>

5 Fixed assets

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicle RO	Turtle Project RO	Total RO
Cost					
1 January 2008	4,359	3,015	4,000	10,298	21,672
Additions	1,124	-	4,376	-	5,500
Disposals	-	-	(4,000)	-	(4,000)
31 December 2008	<u>5,483</u>	<u>3,015</u>	<u>4,376</u>	<u>10,298</u>	<u>23,172</u>
Depreciation					
1 January 2008	2,601	1,718	800	5,148	10,267
Charge for the year	1,762	754	825	2,575	5,916
Disposals	-	-	(1,333)	-	(1,333)
31 December 2008	<u>4,363</u>	<u>2,472</u>	<u>292</u>	<u>7,723</u>	<u>14,850</u>
Net book amount					
31 December 2008	<u>1,120</u>	<u>543</u>	<u>4,084</u>	<u>2,575</u>	<u>8,322</u>

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

5 Fixed Assets (continued)

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

During the year the Society traded in its old vehicle with a net book value of RO2,667 for RO2,800 as part consideration for a new vehicle.

6 Stock

	2008 RO	2007 RO
Books and promotional items	<u>1,769</u>	<u>1,589</u>

Stock comprise books and other promotional items that may be sold or given away at events to promote the Society's objectives.

7 Cash at bank and in hand

	2008 RO	2007 RO
Cash at bank	144,940	29,077
Cash in hand	<u>42</u>	<u>364</u>
	<u>144,982</u>	<u>29,441</u>

8 Accruals and other payables

	2008 RO	2007 RO
Accrued expenses	10,066	306
Other payables	<u>-</u>	<u>510</u>
	<u>10,066</u>	<u>816</u>

9 Related parties

The Society does not have any significant related parties other than its members and senior management. No remuneration is paid to members. Key management salaries and benefits amounted to RO 12,000 (2007:RO12,000).

Report of the Auditors - page 1.