

ENVIRONMENT SOCIETY OF OMAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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ENVIRONMENT SOCIETY OF OMAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Contents	Page
Report of the auditors	1
Statement of income and expenditure	2
Balance sheet	3
Statement of changes in members funds	4
Statement of cash flows	5
Notes to the financial statements	6 - 9



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

Report on the financial statements

We have audited the financial statements of **Environment Society of Oman** (the Society) which comprise the balance sheet as at 31 December 2010 and the statements of income and expenditure, changes in members funds and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 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 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

24 October 2013
Muscat, Sultanate of Oman

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ENVIRONMENT SOCIETY OF OMAN

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RO	2009 RO
Income			
Donations and sponsorship		153,456	213,917
Membership fees		16,552	7,520
Miscellaneous sales		<u>385</u>	<u>159</u>
Total income		<u>170,393</u>	<u>221,596</u>
Expenditure			
Cost of miscellaneous sales		266	77
Project expenses		138,203	95,919
Administrative expenses	4	65,083	66,362
Depreciation	5	<u>7,895</u>	<u>7,732</u>
		<u>211,447</u>	<u>170,090</u>
(Deficit)/surplus for the year		<u>(41,054)</u>	<u>51,506</u>

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

Report of the Auditors - page 1.

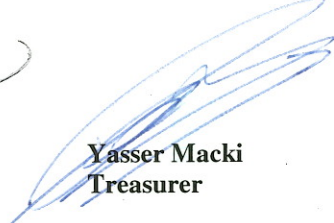
ENVIRONMENT SOCIETY OF OMAN

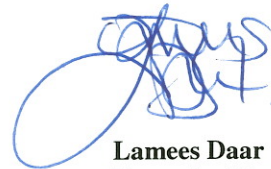
BALANCE SHEET AT 31 DECEMBER 2010

	Note	2010 RO	2009 RO
ASSETS			
Non-current assets			
Furniture and equipment	5	<u>9,410</u>	<u>16,655</u>
Current assets			
Stock	6	-	3,653
Receivable and prepayments		2,609	1,426
Cash and cash equivalents	7	<u>154,790</u>	<u>192,209</u>
		<u>157,399</u>	<u>197,288</u>
Total assets		<u>166,809</u>	<u>213,943</u>
MEMBERS FUNDS			
		<u>156,518</u>	<u>197,572</u>
LIABILITIES			
Non-current liabilities			
End of service benefits	8	<u>2,452</u>	<u>3,883</u>
Current liabilities			
Accruals and other payables	9	<u>7,839</u>	<u>12,488</u>
Total liabilities		<u>10,291</u>	<u>16,371</u>
Total members funds and liabilities		<u>166,809</u>	<u>213,943</u>

The financial statements on pages 2 to 9 were approved by the board of directors on 3 October 2013 and were signed on their behalf by:


HH Sayyida 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 2010**

	2010	2009
	RO	RO
At 1 January	197,572	146,066
(Deficit)/surplus for the year	<u>(41,054)</u>	<u>51,506</u>
At 31 December	<u>156,518</u>	<u>197,572</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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 RO	2009 RO
Cash flows from operating activities		
(Deficit)/surplus for the year	(41,054)	51,506
Adjustments for:		
Depreciation	7,895	7,732
End of service benefits expense	<u>977</u>	<u>3,883</u>
Operating (deficit)/surplus before working capital changes and payment of end of service benefits	(32,182)	63,121
Payment of end of service benefits	<u>(2,408)</u>	-
	(34,590)	63,121
Working capital changes:		
Decrease/(increase) in stock	3,653	(1,884)
Increase in receivables and prepayments	(1,183)	(366)
(Decrease)/increase in accruals and other payables	<u>(4,649)</u>	<u>2,421</u>
Net cash (in used)/generated from operating activities	(36,769)	63,292
Cash flows from investing activities		
Purchase of furniture and equipment	<u>(650)</u>	<u>(16,065)</u>
Net (decrease)/increase in cash and cash equivalents	(37,419)	47,227
Cash and cash equivalents at the beginning of the year	<u>192,209</u>	<u>144,982</u>
Cash and cash equivalents at the end of the year	<u>154,790</u>	<u>192,209</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 2010****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 Sultanate of 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) These financial statements are prepared on the historical cost basis as disclosed in the accounting policies 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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the respective accounting policies and notes to the financial statements.

(c) Standards and amendments effective in 2010 and relevant for the Society's operations:

For the year ended 31 December 2010, the Society has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2010.

The adoption of these standards and interpretations has not resulted in changes to the Society's accounting policies and has not affected the amounts reported for the current year.

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 Rials 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 neither subject to Omani Income tax nor required to file Oman tax returns.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)****2 Summary of significant accounting policies (continued)****2.5 Furniture and equipment**

Furniture and equipment are stated at cost less accumulated depreciation. The cost of furniture and equipment is their purchase price together with any incidental expenses necessary to bring the asset to its intended condition and location. 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 statement of income and expenditure during the financial year in which they are incurred.

The cost of furniture 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	4 years
Office equipment	4 years
Vehicles	3 years
Project equipment	3 years

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 furniture and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus for the year.

2.6 Stock

Stock is stated at the lower of cost and net realisable value. Costs comprise purchase cost and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated principally using the weighted average costs method. Provision is made for slow moving and obsolete inventory items where necessary, based on management's assessment.

2.7 Receivables and prepayments

Receivables 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.

2.8 Cash and cash equivalents

For the purpose of the statement of cash flows, the company considers all bank balances, including short-term deposits, with a maturity of three months or less from the date of placement, to be cash equivalents.

2.9 End of service benefits

End of service benefits are accrued in accordance with the terms of employment of the company's employees at the statement of financial position date, having regard to the requirements of the Oman Labour Law 2003, as amended. These accruals relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurance law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)**

2 Summary of significant accounting policies (continued)

2.10 Accruals and other payables

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 financial risks and except for exposures with banks. Management's policy is to deal only with reputed banks and financial institutions with a minimum credit rating P-1 as per Moody's Investor Services. 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

	2010 RO	2009 RO
Salaries and wages	44,349	31,048
Travelling expenses	4,938	640
Rent expenses	4,140	8,430
Exhibitions, conferences and seminars	4,028	11,419
Advertisement	1,942	4,669
Telephone and internet	1,036	885
Vehicle insurance and registration	756	866
Transportation	427	258
Electricity and water	283	363
Printing and stationery	81	297
Legal consultant costs	-	2,409
Other	<u>3,103</u>	<u>5,078</u>
	<u>65,083</u>	<u>66,362</u>

5 Furniture and equipment

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicle RO	Turtle project RO	Total RO
Cost					
1 January 2010	7,032	3,015	15,675	13,515	39,237
Additions	<u>-</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>650</u>
31 December 2010	<u>7,032</u>	<u>3,665</u>	<u>15,675</u>	<u>13,515</u>	<u>39,887</u>
Depreciation					
1 January 2010	5,927	3,015	4,222	9,418	22,582
Charge for the year	<u>459</u>	<u>122</u>	<u>5,224</u>	<u>2,090</u>	<u>7,895</u>
31 December 2010	<u>6,386</u>	<u>3,137</u>	<u>9,446</u>	<u>11,508</u>	<u>30,477</u>
Net book value					
31 December 2010	<u>646</u>	<u>528</u>	<u>6,229</u>	<u>2,007</u>	<u>9,410</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)**

5 Furniture and equipment (continued)

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicle RO	Turtle project RO	Total RO
Cost					
1 January 2009	5,483	3,015	4,376	10,298	23,172
Additions	<u>1,549</u>	-	<u>11,299</u>	<u>3,217</u>	<u>16,065</u>
31 December 2009	<u>7,032</u>	<u>3,015</u>	<u>15,675</u>	<u>13,515</u>	<u>39,237</u>
Depreciation					
1 January 2009	4,363	2,472	292	7,723	14,850
Charge for the year	<u>1,564</u>	<u>543</u>	<u>3,930</u>	<u>1,695</u>	<u>7,732</u>
31 December 2009	<u>5,927</u>	<u>3,015</u>	<u>4,222</u>	<u>9,418</u>	<u>22,582</u>
Net book amount					
31 December 2009	<u>1,105</u>	<u>-</u>	<u>11,453</u>	<u>4,097</u>	<u>16,655</u>

6 Stock

	2010 RO	2009 RO
Books and promotional items	<u>-</u>	<u>3,653</u>

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

7 Bank and cash balance

	2010 RO	2009 RO
Cash at bank	<u>154,790</u>	<u>192,209</u>

8 End of service benefits

	2010 RO	2009 RO
At 1 January	3,883	-
Charge for the year	977	3,883
Payment during the year	<u>(2,408)</u>	<u>-</u>
At 31 December	<u>2,452</u>	<u>3,883</u>

9 Accruals and other payables

	2010 RO	2009 RO
Accrued expenses	<u>7,839</u>	<u>12,488</u>

10 Related parties

The Society does not have any significant related parties other than its members and senior management. No remuneration is paid to members.