

ENVIRONMENT SOCIETY OF OMAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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ENVIRONMENT SOCIETY OF OMAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

Report on the financial statements

We have audited the accompanying financial statements of **Environment Society of Oman** (the Society) which comprise the balance sheet as at 31 December 2011 and the statements of income and expenditure, changes in members' funds and cash flows 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 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

2 April 2014
Muscat, Sultanate of Oman

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 RO	2010 RO
Income			
Donations and sponsorship		276,113	153,456
Membership fees		12,448	16,552
Miscellaneous sales		-	385
Total income		<u>288,561</u>	<u>170,393</u>
Expenditure			
Cost of miscellaneous sales		-	266
Project expenses		145,691	138,203
Administrative expenses	4	115,557	65,083
Depreciation	5	<u>10,522</u>	<u>7,895</u>
		<u>271,770</u>	<u>211,447</u>
Surplus/(deficit) for the year		<u>16,791</u>	<u>(41,054)</u>

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

Report of the Auditors - page 1.

BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011 RO	2010 RO
ASSETS			
Non-current assets			
Furniture and equipment	5	<u>27,648</u>	<u>9,410</u>
Current assets			
Receivable and prepayments		4,779	2,609
Bank and cash balance	6	<u>153,223</u>	<u>154,790</u>
		<u>158,002</u>	<u>157,399</u>
Total assets		<u>185,650</u>	<u>166,809</u>
MEMBERS' FUNDS		<u>173,309</u>	<u>156,518</u>
LIABILITIES			
Non-current liabilities			
End of service benefits	7	<u>2,875</u>	<u>2,452</u>
Current liabilities			
Accruals and other payables	8	<u>9,466</u>	<u>7,839</u>
Total liabilities		<u>12,341</u>	<u>10,291</u>
Total members funds and liabilities		<u>185,650</u>	<u>166,809</u>

The financial statements on pages 2 to 9 were approved by the members on 30 March 2014 and were signed on their behalf by:

HH Sayyida Tania Al Said
President

Yasser Macki
Treasurer

Lamees Daar
Executive Director

STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 RO	2010 RO
At 1 January	156,518	197,572
Surplus/(deficit) for the year	<u>16,791</u>	<u>(41,054)</u>
At 31 December	<u>173,309</u>	<u>156,518</u>

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

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 RO	2010 RO
Cash flows from operating activities		
Surplus/(deficit) for the year	16,791	(41,054)
Adjustments for:		
Depreciation	10,522	7,895
End of service benefits expense	<u>423</u>	<u>977</u>
Operating surplus/(deficit) before working capital changes and payment of end of service benefits	27,736	(32,182)
Payment of end of service benefits	<u>-</u>	<u>(2,408)</u>
	27,736	(34,590)
Working capital changes:		
Decrease in stock	-	3,653
Increase in receivables and prepayments	(2,170)	(1,183)
Increase/(decrease) in accruals and other payables	<u>1,627</u>	<u>(4,649)</u>
Net cash generated from/(used in) from operating activities	<u>27,193</u>	<u>(36,769)</u>
Cash flows from investing activities		
Purchase of furniture and equipment	(28,760)	(650)
Net decrease in cash and cash equivalents	(1,567)	(37,419)
Cash and cash equivalents at the beginning of the year	<u>154,790</u>	<u>192,209</u>
Cash and cash equivalents at the end of the year	<u>153,223</u>	<u>154,790</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011****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 society'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 2011 and relevant for the Society's operations:

For the year ended 31 December 2011, 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 year beginning on 1 January 2011.

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, and sponsorships. Income is recognised in the year 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

2 Summary of significant accounting policies (continued)

2.5 Furniture and equipment (continued)

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	25%
Office equipment	25%
Vehicles	33.33%
Turtle project equipment	25%

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 Receivables and prepayments

Receivables and prepayments 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.

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, the society 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.

2.8 End of service benefits

End of service benefits are accrued in accordance with the terms of employment of the society'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.

2.9 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, do not expose it to a significant variety of financial risks except for exposures with banks. Management's policy is to deal only with reputed banks and financial institutions, with a minimum rating of P-1. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

4 Administrative expenses

	2011 RO	2010 RO
Salaries and wages	88,109	44,349
Exhibitions, conferences and seminars	5,027	4,028
Travelling expenses	4,702	4,938
Rent expenses	3,795	4,140
Rental Vehicle	3,170	-
Advertisement	1,485	1,942
Vehicle insurance and registration	1,322	756
Telephone and internet	1,067	1,036
Printing and stationery	552	81
Electricity and water	309	283
Transportation	203	427
Others	5,816	3,103
	<u>115,557</u>	<u>65,083</u>

5 Furniture and equipment

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicles RO	Turtle project RO	Total RO
Cost					
1 January 2011	7,032	3,665	15,675	13,515	39,887
Additions	49	589	-	28,122	28,760
31 December 2011	<u>7,081</u>	<u>4,254</u>	<u>15,675</u>	<u>41,637</u>	<u>68,647</u>
Depreciation					
1 January 2011	6,386	3,137	9,446	11,508	30,477
Charge for the year	390	178	4,932	5,022	10,522
31 December 2011	<u>6,776</u>	<u>3,315</u>	<u>14,378</u>	<u>16,530</u>	<u>40,999</u>
Net book value					
31 December 2011	<u>305</u>	<u>939</u>	<u>1,297</u>	<u>25,107</u>	<u>27,648</u>

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicles RO	Turtle project RO	Total RO
Cost					
1 January 2010	7,032	3,015	15,675	13,515	39,237
Additions	-	650	-	-	650
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	459	122	5,224	2,090	7,895
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 amount					
31 December 2010	<u>646</u>	<u>528</u>	<u>6,229</u>	<u>2,007</u>	<u>9,410</u>

6 Bank and cash balance

	2011 RO	2010 RO
Cash at bank	<u>153,223</u>	<u>154,790</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

7 End of service benefits

	2011	2010
	RO	RO
At 1 January	-	3,833
Charge for the year	423	977
Payments during the year	-	(2,408)
At 31 December	<u>2,875</u>	<u>2,452</u>

8 Accruals and other payables

	2011	2010
	RO	RO
Accrued expenses	<u>9,466</u>	<u>7,839</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.

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