

# **ENVIRONMENT SOCIETY OF OMAN**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

**Registered address:**

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# ENVIRONMENT SOCIETY OF OMAN

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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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 2012 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 2012, 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**

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STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 RO	2011 RO
<b>Income</b>			
Donations and sponsorship		360,546	276,113
Membership fees		14,677	12,448
Miscellaneous sales		-	-
<b>Total income</b>		<u>375,223</u>	<u>288,561</u>
<b>Expenditure</b>			
Project expenses		164,174	145,691
Administrative expenses	4	153,547	115,557
Depreciation	5	<u>11,079</u>	<u>10,522</u>
		<u>328,800</u>	<u>271,770</u>
<b>Surplus for the year</b>		<u>46,423</u>	<u>16,791</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 2012

	Note	2012 RO	2011 RO
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	5	<u>27,680</u>	27,648
<b>Current assets</b>			
Receivable and prepayments		5,816	4,779
Bank and cash balance	6	<u>194,712</u>	<u>153,223</u>
		<u>200,527</u>	<u>158,002</u>
<b>Total assets</b>		<u>228,208</u>	<u>185,650</u>
<b>MEMBERS' FUNDS</b>		<u>219,732</u>	<u>173,309</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
End of service benefits	7	<u>3,355</u>	<u>2,875</u>
<b>Current liabilities</b>			
Accruals and other payables	8	<u>5,121</u>	<u>9,466</u>
<b>Total liabilities</b>		<u>8,476</u>	<u>12,341</u>
<b>Total members funds and liabilities</b>		<u>228,208</u>	<u>185,650</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 2012

	2012 RO	2011 RO
At 1 January	173,309	156,518
Surplus for the year	<u>46,423</u>	<u>16,791</u>
At 31 December	<u>219,732</u>	<u>173,309</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 2012

	2012 RO	2011 RO
<b>Cash flows from operating activities</b>		
Surplus for the year	46,423	16,791
<b>Adjustments for:</b>		
Depreciation	11,079	10,522
End of service benefits expense	<u>1,255</u>	<u>423</u>
<b>Operating surplus before working capital changes and payment of end of service benefits</b>	58,757	27,736
Payment of end of service benefits	<u>(775)</u>	<u>-</u>
	57,982	27,736
<b>Working capital changes:</b>		
Increase in receivables and prepayments	(1,037)	(2,170)
(Decrease)/increase in accruals and other payables	<u>(4,345)</u>	<u>1,627</u>
<b>Net cash used in operating activities</b>	<u>(5,382)</u>	<u>(543)</u>
<b>Cash flows from investing activities</b>		
Purchase of furniture and equipment	<u>(11,111)</u>	<u>(28,760)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	41,489	(1,567)
Cash and cash equivalents at the beginning of the year	<u>153,223</u>	<u>154,790</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>194,712</u>	<u>153,223</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 2012****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 2012 and relevant for the Society's operations:

For the year ended 31 December 2012, 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 2012.

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012 (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	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

**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.

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 2012 (continued)

4 Administrative expenses

	2012 RO	2011 RO
Salaries and wages	115,671	88,109
Rental Vehicle	6,883	3,170
Printing and stationery	4,349	552
Travelling expenses	3,968	4,702
Rent expenses	3,000	3,795
Advertisement	2,643	1,485
Telephone and internet	1,762	1,067
Transportation	1,286	203
Exhibitions, conferences and seminars	1,252	5,027
Vehicle insurance and registration	1,005	1,322
Electricity and water	737	309
Others	10,991	5,816
	<u>153,547</u>	<u>115,557</u>

5 Furniture and equipment

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicle RO	Turtle project RO	Total RO
<b>Cost</b>					
1 January 2012	7,081	4,254	15,675	41,637	68,647
Additions	<u>4,000</u>	<u>7,111</u>	-	-	<u>11,111</u>
31 December 2012	<u>11,081</u>	<u>11,365</u>	<u>15,675</u>	<u>41,637</u>	<u>79,758</u>
<b>Depreciation</b>					
1 January 2012	6,776	3,315	14,378	16,530	40,999
Charge for the year	<u>869</u>	<u>1,080</u>	<u>1,294</u>	<u>7,836</u>	<u>11,079</u>
31 December 2012	<u>7,645</u>	<u>4,395</u>	<u>15,672</u>	<u>24,366</u>	<u>52,078</u>
<b>Net book value</b>					
31 December 2012	<u>3,436</u>	<u>6,970</u>	<u>3</u>	<u>17,271</u>	<u>27,680</u>

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

6 Bank and cash balance

	2012 RO	2011 RO
Cash at bank	<u>194,712</u>	<u>153,223</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

**7 End of service benefits**

	2012	2011
	RO	RO
<b>At 1 January</b>	2,875	2,452
Charge for the year	1,255	423
Payment during the year	<u>(775)</u>	<u>-</u>
<b>At 31 December</b>	<u><b>3,355</b></u>	<u><b>2,875</b></u>

**8 Accruals and other payables**

	2012	2011
	RO	RO
Accrued expenses	<u><b>5,121</b></u>	<u><b>9,466</b></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.

Report of the Auditors - page 1.