

# **ENVIRONMENT SOCIETY OF OMAN**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **Registered address:**

P O Box 428  
Postal Code 112  
Ruwi  
Sultanate of Oman

### **Principal place of business:**

Building No. 2013  
Way No. 2625  
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Sultanate of Oman

# **ENVIRONMENT SOCIETY OF OMAN**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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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 2015 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 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**PricewaterhouseCoopers LLC**

**9 October 2016  
Muscat, Sultanate of Oman**

# ENVIRONMENT SOCIETY OF OMAN

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RO	2014 RO
<b>Income</b>			
Donations and sponsorship		355,104	302,284
Membership fees		15,321	16,681
		<u>370,425</u>	<u>318,965</u>
<b>Expenditure</b>			
Project expenses		197,656	102,594
Administrative expenses	4	217,190	176,961
Depreciation	5	8,259	11,340
		<u>423,105</u>	<u>290,895</u>
<b>(Deficit)/surplus for the year</b>		<u>(52,680)</u>	<u>28,070</u>

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

Independent auditor's report - page 1.

# ENVIRONMENT SOCIETY OF OMAN

## BALANCE SHEET AT 31 DECEMBER 2015

	Note	2015 RO	2014 RO
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	5	<u>10,124</u>	11,204
<b>Current assets</b>			
Receivable and prepayments		7,767	8,504
Bank and cash balance	6	<u>289,810</u>	321,956
		<u>297,577</u>	330,460
<b>Total assets</b>		<u>307,701</u>	341,664
<b>MEMBERS' FUNDS AND LIABILITIES</b>			
<b>Members' funds</b>		<u>237,004</u>	289,684
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
End of service benefits	7	<u>6,716</u>	5,523
<b>Current liabilities</b>			
Deferred revenue		52,085	39,000
Trade and other payables	8	<u>11,896</u>	7,457
		<u>63,981</u>	46,457
<b>Total liabilities</b>		<u>70,697</u>	51,980
<b>Total members funds and liabilities</b>		<u>307,701</u>	341,664

The financial statements on pages 2 to 9 were approved by the board on 30 August 2016 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 2015

	2015 RO	2014 RO
At 1 January	289,684	261,614
(Deficit)/surplus for the year	(52,680)	28,070
At 31 December	<u>237,004</u>	<u>289,684</u>

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

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# ENVIRONMENT SOCIETY OF OMAN

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RO	2014 RO
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the year	(52,680)	28,070
<b>Adjustments for:</b>		
Depreciation	8,259	11,340
End of service benefits expense	1,193	1,235
<b>Operating results before working capital changes</b>	<b>(43,228)</b>	<b>40,645</b>
<b>Working capital changes:</b>		
Receivables and prepayments	737	3,528
Trade and other payables and deferred revenue	17,524	30,493
<b>Net cash (used in)/generated from operating activities</b>	<b>(24,967)</b>	<b>74,666</b>
<b>Cash flows from investing activities</b>		
Purchase of furniture and equipment	(7,179)	(270)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(32,146)</b>	<b>74,396</b>
Cash and cash equivalents at the beginning of the year	321,956	247,560
<b>Cash and cash equivalents at the end of the year</b>	<b>289,810</b>	<b>321,956</b>

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

Independent auditor's report - page 1.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015****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 2015 and relevant for the Society's operations:

For the year ended 31 December 2015, 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 2015.

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 except sponsorship fees which is recognised as and when the expenses against projects are incurred. Income related to sponsorship fees is deferred to subsequent period if the expenses are not incurred in the current accounting period.

**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 income tax returns.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015 (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 and equipment 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%
Salalah office furniture	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**

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.

**2.7 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 balance sheet 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 and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of income and expenditure as incurred.

**2.9 Trade 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 trade 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 2015 (continued)**

**4 Administrative expenses**

	2015 RO	2014 RO
Salaries and wages (note 4.1)	173,969	136,273
Professional charges	7,064	7,857
Advertisement	6,180	625
Rental vehicle	3,480	3,969
Rent expenses	3,165	3,117
Printing and stationery	2,162	7,024
Telephone and internet	2,142	3,073
Electricity and water	827	810
Vehicle insurance and registration	755	838
Travelling expenses	452	548
Transportation	26	136
Others	16,968	12,691
	<u>217,190</u>	<u>176,961</u>

**4.1 Salaries and wages**

	2015 RO	2014 RO
Salaries and allowances	155,255	121,282
Social insurance	9,000	9,774
Gratuity	1,193	1,235
Others	8,521	3,982
	<u>173,969</u>	<u>136,273</u>

**5 Furniture and equipment**

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicle RO	Salalah Office furniture RO	Turtle Project equipment RO	Total RO
<b>Cost</b>						
At 1 January 2015	11,081	12,217	15,675	-	47,728	86,701
Additions	-	733	-	3,357	3,089	7,179
At 31 December 2015	<u>11,081</u>	<u>12,950</u>	<u>15,675</u>	<u>3,357</u>	<u>50,817</u>	<u>93,880</u>
<b>Accumulated Depreciation</b>						
At 1 January 2015	9,672	8,774	15,672	-	41,379	75,497
Charge for the year	1,014	2,230	3	420	4,592	8,259
At 31 December 2015	<u>10,686</u>	<u>11,004</u>	<u>15,675</u>	<u>420</u>	<u>45,971</u>	<u>83,756</u>
<b>Net book value at</b>						
At 31 December 2015	<u>395</u>	<u>1,946</u>	<u>-</u>	<u>2,937</u>	<u>4,846</u>	<u>10,124</u>

# ENVIRONMENT SOCIETY OF OMAN

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

### 5 Furniture and equipment (continued)

	Furniture, fixtures and equipment RO	Office equipment RO	Vehicle RO	Turtle Project equipment RO	Total RO
Cost					
At 1 January 2014	11,081	11,947	15,675	47,728	86,431
Additions	-	270	-	-	270
At 31 December 2014	11,081	12,217	15,675	47,728	86,701
Accumulated depreciation					
At 1 January 2014	8,660	6,598	15,672	33,227	64,157
Charge for the year	1,012	2,176	-	8,152	11,340
At 31 December 2014	9,672	8,774	15,672	41,379	75,497
Net book value at					
At 31 December 2014	1,409	3,443	3	6,349	11,204

### 6 Bank and cash balance

	2015 RO	2014 RO
Cash at bank	289,292	321,643
Cash at hand	518	314
	<u>289,810</u>	<u>321,956</u>

### 7 End of service benefits

	2015 RO	2014 RO
At 1 January	5,523	4,288
Charge for the year	1,193	1,235
At 31 December	<u>6,716</u>	<u>5,523</u>

### 8 Trade and other payables

	2015 RO	2014 RO
Provisions	4,760	1,608
Trade payables	3,888	2,314
Social Insurance payable	1,918	1,587
Accrued expenses	618	618
Others	712	1,330
	<u>11,896</u>	<u>7,457</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. There were no transactions with related parties during the year.

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