

ENVIRONMENT SOCIETY OF OMAN

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

ENVIRONMENT SOCIETY OF OMAN

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENVIRONMENT SOCIETY OF OMAN

Opinion

We have audited the financial statements of Environment Society of Oman ('the Society'), which comprise the statement of financial position as at 31 December 2016, and the statement of income and expenditure, statement of changes in members' fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENVIRONMENT SOCIETY OF OMAN (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HORWATH MAK GAZALI LLC

Davis Kallukaran
Managing partner

Muscat, Sultanate of Oman
26 March 2017

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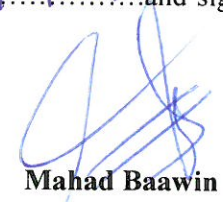
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	<u>Note</u>	<u>2016</u> <u>RO</u>	<u>2015</u> <u>RO</u>
ASSETS			
Non-current assets			
Furniture and equipment	3	17,131	10,124
Current assets			
Receivables and prepayments	4	15,342	7,767
Cash and bank balances	5	235,858	289,810
		<u>251,200</u>	<u>297,577</u>
Total assets		<u>268,331</u>	<u>307,701</u>
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	6	8,356	6,716
Current liabilities			
Payables and accruals	7	12,563	11,896
Deferred revenue		59,525	52,085
		<u>72,088</u>	<u>63,981</u>
Total liabilities		<u>80,444</u>	<u>70,697</u>
Net assets		<u>187,887</u>	<u>237,004</u>
REPRESENTED BY			
Members' funds		<u>187,887</u>	<u>237,004</u>

These financial statements were approved by the Board of Directors on 22/03/2017 and signed on their behalf by:


HH Sayyida Tania Al Said
 President


Yasser Macki
 Treasurer


Mahad Baawin
 Secretary

The notes on pages 7 to 12 form part of these financial statements.
 Auditor's report: pages 1-2



ENVIRONMENT SOCIETY OF OMAN

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>2016</u> <u>RO</u>	<u>2015</u> <u>RO</u>
Income			
Donations and sponsorship		302,236	355,104
Membership fees		18,770	15,321
		<u>321,006</u>	<u>370,425</u>
Expenditure			
Project expenses		141,350	197,656
Salaries and wages	8	192,206	173,969
Administrative expenses	9	30,028	43,221
Depreciation	3	6,539	8,259
		<u>370,123</u>	<u>423,105</u>
Deficit for the year		<u>(49,117)</u>	<u>(52,680)</u>

The notes on pages 7 to 12 form part of these financial statements.

Auditor's report: pages 1-2

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ENVIRONMENT SOCIETY OF OMAN

**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>2016</u> <u>RO</u>	<u>2015</u> <u>RO</u>
At 1 January	237,004	289,684
Deficit for the year	<u>(49,117)</u>	<u>(52,680)</u>
At 31 December	<u>187,887</u>	<u>237,004</u>

The notes on pages 7 to 12 form part of these financial statements.

Auditor's report: pages 1-2

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ENVIRONMENT SOCIETY OF OMAN

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>2016</u> <u>RO</u>	<u>2015</u> <u>RO</u>
Cash flows from operating activities			
Deficit for the year		(49,117)	(52,680)
Adjustments for:			
Depreciation	3	6,539	8,259
Accrual of employee's end of service benefits	6	1,640	1,193
(Increase)/decrease in receivables and prepayments		(7,575)	737
Increase in payables and deferred revenue		8,107	17,524
Net cash used in operating activities		<u>(40,406)</u>	<u>(24,967)</u>
Cash flows from investing activities			
Purchase of furniture and equipment	3	(13,546)	(7,179)
Net cash used in investing activities		<u>(13,546)</u>	<u>(7,179)</u>
Net change in cash and cash equivalents		(53,952)	(32,146)
Cash and cash equivalents at the beginning of the year		289,810	321,956
Cash and cash equivalents at the end of the year	5	<u>235,858</u>	<u>289,810</u>

The notes on pages 7 to 12 form part of these financial statements.

Auditor's report: pages 1-2

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Legal status and 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's registered office is in Ruwi, P.O. Box 3955, PC 112.

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 Significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Standards, amendments and interpretations to existing IFRS effective 1 January 2016

For the year ended 31 Decemeber 2016, the Society has adopted all applicable new and revised standards and interpretations issued by the IASB that are relevant to its operations and effective for accounting period beginning on 1 January 2016.

Standards, amendments and interpretations to existing IFRS that are not yet effective

Certain new standards and amendments to existing standards have been published that are not effective and mandatory for the Society's accounting period commencing 1 January 2016, which the management has decided to adopt from the applicable periods.

Management believes that adoption of those new standards and amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified to include the fair value of certain financial assets and liabilities.

Functional and presentation currency

The financial statements have been prepared in Rial Omani ("RO"), which is the functional and presentation currency of the Society. The Society has no foreign currency transactions or foreign currency assets and liabilities.

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.

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

2 Significant accounting policies (continued)

Furniture and equipment

Items of 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 items 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:

	Years
Furniture, fixtures and equipment	4
Office equipment	4
Motor vehicles	3
Turtle project equipment	4
Salalah office furniture	4

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

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.

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.

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.

Payables and accruals

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

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

2 Significant accounting policies (continued)

Employees' end of service benefits

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Oman Social Insurance Scheme, are recognized as an expense in the statement of comprehensive income as incurred.

Provision for non-Omani employee end of service benefits, which is an unfunded defined benefit retirement plan, is made in accordance with Oman Labour Law and is based on the liability that would arise if the employment of all employees were terminated at the end of the reporting period.

Income tax

The Society is neither subject to Omani Income tax nor required to file income tax returns.

Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the statement of income and expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the reversed estimate of its recoverable amount and the increase is recognized as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized earlier.

Estimates and judgments

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgment based on historical experience and other factors are inherent in the formation of estimates. Actual results in future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular estimates that involves uncertainties and judgments which have significant effect on the financial statement include useful lives and residual value of furniture and equipment.

ENVIRONMENT SOCIETY OF OMAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

3 Furniture and equipment

	<u>Furniture, fixtures and equipment</u> <u>RO</u>	<u>Office equipment</u> <u>RO</u>	<u>Motor vehicles</u> <u>RO</u>	<u>Salalah office furniture</u> <u>RO</u>	<u>Turtle project equipment</u> <u>RO</u>	<u>Total</u> <u>RO</u>
Cost						
At 01 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>
At 01 January 2016	<u>11,081</u>	<u>12,950</u>	<u>15,675</u>	<u>3,357</u>	<u>50,817</u>	<u>93,880</u>
Additions	-	6,445	5,386	-	1,715	13,546
At 31 December 2016	<u><u>11,081</u></u>	<u><u>19,395</u></u>	<u><u>21,061</u></u>	<u><u>3,357</u></u>	<u><u>52,532</u></u>	<u><u>107,426</u></u>
Depreciation						
At 01 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>
At 1 January 2016	<u>10,686</u>	<u>11,004</u>	<u>15,675</u>	<u>420</u>	<u>45,971</u>	<u>83,756</u>
Charge for year	387	2,175	592	839	2,546	6,539
At 1 December 2016	<u><u>11,073</u></u>	<u><u>13,179</u></u>	<u><u>16,267</u></u>	<u><u>1,259</u></u>	<u><u>48,517</u></u>	<u><u>90,295</u></u>
Net book value						
At 31 December 2016	<u><u>8</u></u>	<u><u>6,216</u></u>	<u><u>4,794</u></u>	<u><u>2,098</u></u>	<u><u>4,015</u></u>	<u><u>17,131</u></u>
At 31 December 2015	<u><u>395</u></u>	<u><u>1,946</u></u>	<u><u>-</u></u>	<u><u>2,937</u></u>	<u><u>4,846</u></u>	<u><u>10,124</u></u>

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

4 Receivables and prepayments

	<u>2016</u>	<u>2015</u>
	<u>RO</u>	<u>RO</u>
Project advances	1,176	127
Deposits and prepayments	2,334	2,489
Staff advance	11,832	5,151
	<u>15,342</u>	<u>7,767</u>

5 Cash and bank balances

	<u>2016</u>	<u>2015</u>
	<u>RO</u>	<u>RO</u>
Cash in hand	492	518
Cash at bank	235,366	289,292
	<u>235,858</u>	<u>289,810</u>

6 Employees' end of service benefits

Movement in employees end of service benefits:	<u>2016</u>	<u>2015</u>
	<u>RO</u>	<u>RO</u>
At 1 January	6,716	5,523
End of service benefits recognized during the year	1,640	1,193
At 31 December	<u>8,356</u>	<u>6,716</u>

7 Payables and accruals

	<u>2016</u>	<u>2015</u>
	<u>RO</u>	<u>RO</u>
Trade payables	9,498	3,888
Accrued expenses	3,065	8,008
	<u>12,563</u>	<u>11,896</u>

8 Salaries and wages

	<u>2016</u>	<u>2015</u>
	<u>RO</u>	<u>RO</u>
Salaries and allowances	167,303	155,255
Social insurance	17,924	9,000
End of service benefits	1,640	1,193
Others	5,339	8,521
	<u>192,206</u>	<u>173,969</u>

ENVIRONMENT SOCIETY OF OMAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

9 Administrative expenses

	<u>2016</u>	<u>2015</u>
	<u>RO</u>	<u>RO</u>
Professional charges	-	7,064
Advertisement	5,350	6,180
Rental vehicle	2,705	3,480
Rent expenses	3,432	3,165
Printing and stationery	2,110	2,162
Telephone and internet	2,342	2,142
Electricity and water	759	827
Vehicle insurance and registration	660	755
Travelling expenses	65	452
Transportation	237	26
Other sundry expenses	12,368	16,968
	<u>30,028</u>	<u>43,221</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. There were no significant transactions with related parties during the year.

11 Financial risk management

The Society's activities, do not expose it to any significant 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 end of the reporting period.

The notes on pages 7 to 12 form part of these financial statements.

Auditor's report: pages 1-2