Environment Society of Oman

Financial Statements
31 December 2024

Registered office and principal place of business

P O Box 3955
Postal Code 112,
Sultanate of Oman

MOORE

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Environment Society of Oman ("the Association"), set out on pages 3 to 14, which comprise the statement of financial position as at 31 December 2024, and the statements of income and expenditure, changes in Association's funds and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2024 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 Association in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), together with the ethical requirements that are relevant to our audit of the Association's financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements as at and for the year ended 31 December 2023 were audited by another independent auditor whose report dated 29 May 2024 expressed an unmodified opinion.

Responsibilities of management and those charged with governance 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 they determine are 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 Association'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 they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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

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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Board of Director'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 Association'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 Association 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 the 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.

Moore Stephens

Moore Stephens LLC
P O Box 933, Postal Code 112
Muscat, Sultanate of Oman
23 June 2025

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ص.ب: ٩٣٣، الرمز: ١١٢
روي، سلطنة عمان
P.O. Box: 933, P.Code: 112
Ruwi, Sultanate of Oman
MOORE STEPHENS L.L.C.

Statement of financial position

	Notes	2024 RO	2023 RO
ASSETS			
Non-current assets	5	24,889	19,125
Furniture and equipment	6		
Intangible Assets		4,432	6,402
Total non-current assets		29,321	25,527
Current assets			
Trade and other receivables	7	11,368	19,038
Bank balances and cash		199,233	189,210
Total current assets		210,601	208,248
Total assets		239,922	233,775
ASSOCIATION'S FUNDS AND LIABILITIES			
ASSOCIATION'S FUNDS			
Accumulated fund		65,078	108,183
Total fund			
Liabilities			
Non-current liabilities		35,386	30,878
Employees' end of service benefits	8		
Current liabilities			
Accruals and other payables		4,983	5,801
Deferred Revenue	9	134,475	88,912
Total liabilities		174,844	125,591
Total Association's funds and liabilities		239,922	233,775

The financial statements were approved by the Board of Directors on 23/6/2025 and signed on their behalf by:

Amor Al Matani
President

Rumaitha Al Busaidi
Vice President

Abdul Aziz Al Abdali
Treasurer

The attached notes 1 to 12 form part of these financial statements. The report of the independent auditors is set out on pages 1 to 2.

Statement of income and expenditure

	Note	2024 RO	2023 RO
INCOME			
Donation & Sponsorship		278,551	349,400
Membership Fees		21,041	23,761
Other Income		2,321	750
		301,913	373,911
EXPENSES			
Project expenses	10	160,996	152,347
Administration expenses	11	173,708	194,563
Depreciation		8,344	7,944
Amortization		1,970	1,478
		345,018	356,322
Net excess of revenue over expenditure for the year		**(43,105)**	**17,580**

Note:

The Association has no items under other comprehensive income.

The attached notes 1 to 12 form part of these financial statements. The report of the independent auditors is set out on pages 1 to 2.

Statement of Changes in Association's funds

	Accumulated surplus RO
At 31 December 2022	90,606
Surplus of revenue over expenditure for the year	17,577
At 31 December 2023	**108,183**
At 31 December 2023	108,183
Excess of expenditure over revenue for the year	(43,105)
At 31 December 2024	**65,078**

The attached notes 1 to 12 form part of these financial statements. The report of the independent auditors is set out on pages 1 to 2.

Statement of cash flows

	Notes	2024 RO	2023 RO
CASH FLOWS FROM OPERATING ACTIVITES			
Net excess of revenue over expenditure for the year		(43,105)	17,577
Adjustments for:			
Employees' end of service benefits	8	4,508	7,645
Depreciation	5	8,344	7,944
Deferred Revenue	9	45,563	26,343
Amortization of Intangible Assets	6	1,970	1,478
Excess before working capital changes			
Working capital changes			
Trade and other receivables	7	7,670	42,637
Accruals and Other payables		(794)	3,325
Cash from/(used in) operations		24,156	106,199
Net cash generated from / (used in) operating activities		24,156	104, 374
INVESTING ACTIVITIES			
Addition of PPE	5	(14,133)	(7,601)
Addition of Intangible Assets			(3,940)
Proceeds from sale of PPE			
Gain on sale of PPE			750
Increase / (decrease) in cash and cash equivalents during the year		10,023	93,583
Cash and cash equivalents at the beginning of the year		189,210	95,627
Cash and cash equivalents at the end of the year		199,233	189,210

The attached notes 1 to 12 form part of these financial statements. The report of the independent auditors is set out on pages 1 to 2.

Notes to the financial statements

1 LEGAL STATUS AND ACTIVITIES

Environment Society of Oman ("the Association") is engaged in environmental maintenance and development of related knowledge in the Sultanate of Oman and is managed by the Board of Directors of the Association.

The Association was registered as a non-profit association on 24 March 2004 with registered place of business of being located in Ruwi, P.O Box 3955, PC 112.

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND AMENDED IFRS

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee. The financial statements are presented in Omani Rials.

2.2 New and amended IFRS adopted by the Association

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2024. The Association has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

- Amendments to IAS 1 'Presentation of Financial Statements' clarify the requirements for classification of liabilities as current or non-current and non-current liabilities with covenants. The amendments clarify that if a liability is subject to covenants, the Association may only classify a liability as non-current if it meets the covenant tests as at the reporting date, even if the lender does not test compliance until a later date. The meaning of settlement of a liability is also clarified.

- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' clarify the characteristics of supplier finance arrangements and require additional disclosure in understanding the effects of such arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Amendments to IFRS 16 'Leases' (Lease liability in a sale and leaseback) explain how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The Management believes the adoption of the above amendments has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for the current accounting period.

Notes to the financial statements (Continued)

2.3 New and amended IFRS which are in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, are disclosed below. The Association intends to adopt these standards and amendments, if applicable, when they become effective.

- Amendments to IAS 21 'The effects of changes in foreign exchange rates' (Lack of exchangeability)
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' (Classification and measurement requirements of financial instruments)
- Annual amendments to IFRS – Volume 11 amend the following:
  - IFRS 1 'First time adoption of IFRS' – Hedge accounting by a first time adopter;
  - IFRS 7 'Financial instruments: Disclosures' – Gain or loss on derecognition;
  - Guidance on implementing IFRS 7 – Credit risk disclosures and disclosure of deferred difference between fair value and transaction price;
  - IFRS 9 'Financial instruments' – Derecognition of lease liabilities and transaction price
  - IFRS 10 'Consolidated financial statements' – Determination of a 'de facto agent'
  - IAS 7 'Statement of cash flows' – Cost method
- IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 'Presentation of Financial Statements'. The new requirements on presentation and disclosure will provide information to better understand Association's financial performance, improve labelling, aggregation and disaggregation of information and disclosure of management-defined performance measures in the financial statements.

Except for the adoption of IFRS 18, the Management believes the adoption of the other amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for future periods.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the 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 judgements based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected. In particular, estimates that involve uncertainties and judgements which have significant effect on the financial statements include the estimation of expected credit losses on financial assets.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies have been consistently applied in dealing with items considered material to the Association's financial statements.

a) Accounting convention

The Association's financial statements have been prepared on the historical cost basis.

b) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of bank balances and cash.

Notes to the financial statements (Continued)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

c) Revenue Recognition Policy (in accordance with IFRS)

The Association recognizes revenue from sponsorship agreements, membership fees, and donations in accordance with IFRS 15 *Revenue from Contracts with Customers*, and IFRS 9 *Financial Instruments* where applicable. Membership fees and donations that do not involve specific performance obligations are recognised as income in the period in which they are received. Sponsorship income is recognised over time based on the stage of completion of the related project, consistent with the performance obligations outlined in the respective agreements. Where sponsorship income relates to future project activities and the corresponding expenses have not yet been incurred, such income is deferred and recognised in the period in which the related expenditures are incurred.

d) Project expenses

Project expenses are recognised in the statement of income and expenditure upon utilisation of the service or at the date of their origin.

e) Furniture and equipment

Items of furniture and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent expenditure is recognised only when it increases the future economic benefits embodied in furniture and equipment. All other expenditure is recognised in the statement of income and expenditure as an expense as incurred.

Depreciation on furniture and equipment is charged to the statement of income and expenditure on a straight line basis over the estimated useful lives of four years. Depreciation on motor vehicles is charged on a straight line basis over the estimated useful life of 3 years.

Items of furniture and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the statement of income and expenditure in the year the item is derecognized.

f) Financial assets

The Association's financial assets comprise receivables, bank balances and cash. These financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Association's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

<u>Financial assets at amortised cost:</u>

The Association measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Notes to the financial statements (Continued)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

f) Financial assets (Continued)

Interest income from financial assets, if any, is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of income and expenditure.

g) Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. The Association measures the impairment using the expected credit loss (ECL) model for different categories of financial assets.

For financial assets, which are subject to impairment, the ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For other receivables, bank balances and cash, the ECL adjustments are made only if they are material.

Write off

The gross carrying amount of a financial asset is written off when the Association has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Association individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Association expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Association's procedures for recovery of amounts due.

Non-financial assets
At the end of each reporting period, the Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Management estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of revenue and expenditure. The Management also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of revenue and expenditure.

h) Financial liabilities

All financial liabilities are initially measured at fair value and are subsequently re-measured at amortised cost.

i) Employees' end of service benefits

Payment is made to the Government of the Sultanate of Oman's Social Protection Fund (SPF) as per Royal Decree number 52 / 2023 for Omani employees for retirement benefits and other contingencies. Effective July 2024, payment is also made to SPF for maternity leave benefits for employees.

Provision is made for amounts payable under the Sultanate of Oman's Labour Law as per Royal Decree number 53 / 2023 applicable to expatriate employees' accumulated years of service at the end of the reporting period.

Notes to the financial statements (Continued)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

j) Taxation

The Association is not subject to Omani income tax nor required to file Oman tax returns.

k) Accruals and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Association.

l) Provisions

A provision is recognized in the statement of financial position when the Association has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

m) Deferred sponsorship income

Deferred revenue is the obligation to incur expenditure towards a specific event or special cause for which the sponsor has provided the funds and cannot be utilised for any other purpose. If a sponsor pays funds which are unutilised, a deferred revenu is recognised under current liabilities at the end of the reporting period. Deferred Revenue is recognised to the statement of income in the period in which the association performs under the sponsorship terms and incurs the expenditure towards the specific event or special cause.

n) Accumulated surplus

Accumulated surplus includes all previous and current results of Environment Society of Oman.

o) Foreign currencies

Transactions denominated in foreign currencies entered into during the year have been translated into Rials Omani and recorded at the rates of exchange prevailing at the dates of transactions. Foreign currency monetary assets and liabilities at the end of the reporting period are translated at the rates of exchange prevailing at the end of the reporting period. Exchange differences that arise are taken to the statement of income and expenditure.

5 FURNITURE AND EQUIPMENT

Year 2024	Furniture and fixtures	Office equipment	Motor Vehicles	Turtle Project	CWIP	Total
	RO	RO	RO	RO	RO	RO
Cost						
At 1 January 2024	16,863	51,146	10,361	57,224	-	135,594
Additions	-	-	11,629	929	1,575	14,133
	16,863	51,146	21,990	58,153	1,575	149,727
Depreciation						
At 1 January 2024	16,855	35,810	10,361	53,443	-	116,469
Charge for the year	8	6,323	735	1,282	-	8,344
At 31 December 2024	16,863	42,133	11,092	54,725	-	124,813
Net book values						
At 31 December 2024	-	9,013	10,896	3,428	1,575	24,889

Year 2023	Furniture and fixtures RO	Office equipment RO	Motor Vehicles	Turtle Projects	Total RO
Cost					
At 1 January 2023	16,863	51,146	10,361	57,224	135,594
Depreciation					
At 1 January 2023	15,994	29,638	21,061	52,532	119,225
Related to Disposal			(10,700)		(10,700)
Charge for the year	861	6,172	0	911	7,944
At 31 December 2023	16,855	35,810	10,361	53,443	116,469
Net book values					
At 31 December 2023	8	15,336	-	3,781	19,125

6 INTANGIBLE ASSETS

	2024	2023
	RO	RO
Cost		
At 1 January	**7,880**	7,880
Amortization		
At 1 January	**1,478**	-
Charge for the year	**1,970**	1,478
At 31 December	**3,448**	1,478
Net book values		
At 31 December	**4,432**	6,402

7 TRADE AND OTHER RECEIVABLES

	2024 RO	2023 RO
Accrued Income	-	9,480
Other Receivables	399	4,137
Staff advances	5,136	4,062
Project advances and receivables	379	1,292
Deposits and other Prepayments	5,454	66
	11,368	19,037

8 EMPLOYEES' END OF SERVICE BENEFITS

Movements in expatriate employees' end of service benefits liability during the year is as follows:

	2024 RO	2023 RO
At the beginning of the year	30,878	25,058
Expense for the year	-	(1,825)
Additional charge towards end of service benefits for expatriate employees	4,508	7,645
At the end of the year	35,386	30,878

9 DEFERRED REVENUE

	2024 RO	2023 RO
At 31 December 2023	88,912	62,569
Receipts during the year	347,476	400,254
Income recognised during the year	(301,913)	(373,911)
	134,475	88,912

10 PROJECT EXPENSES

	2024 RO	2023 RO
Research Cost	113,796	90,380
Community Outreach Cost	47,200	20,247
Miscellaneous Cost	-	42,072
	170,601	152,347

11 ADMINISTRATIVE EXPENSES

	2024 RO	2023 RO
Salaries and allowances	**104,690**	118,139
Rental expenses	**12,000**	12,000
Social insurance	**10,174**	9,359
Medical insurance	**3,782**	2,598
Telephone and internet expenses	**3,258**	4,279
Registration & renewals	**1,057**	671
Utilities	**495**	615
Vehicle insurance and registration	**73**	316
Printing and stationery	**157**	316
Other administrative expenses	**38,022**	45,920
	173,708	194,563

12 TAXATION

No provision for taxation has been made in these financial statements as the Association is not a company under Omani laws but only a non-profit association. This has been communicated to the Taxation Authorities accordingly.

In the unlikely event that Association is subject to tax, the Board of Directors believes that the resultant taxation will not be material to the financial position of the Association.

13 RELATED PARTY TRANSACTIONS

The Members of the Board of Directors received no remuneration during the year (2023 – nil).

During 2024 there were no transactions with related parties (2023 – nil).

14 FINANCIAL RISK

The Association's activities expose it to various financial risks, primarily being, credit risk and liquidity risk. The Association's risk management is carried out internally in accordance with the approval of the Board of Directors. It also has the responsibility of developing and monitoring the Association's risk management policies and procedures and compliance with them. Risk management policies and systems are reviewed regularly to ensure they reflect any changes in market conditions and the Association's activities.

a) Credit risk

Credit risk arises principally from the Association's receivables from Membership fees and other subscriptions fees. The Management believes that since there has been no historical loss on these receivables, no allowance for expected credit losses is necessary in respect of these financial assets.

Bank balances

Credit risk from bank balance maintained in current accounts with a local commercial bank is managed by ensuring balances are maintained with reputed banks only. The expected credit losses on bank balance have not been provided as the impact is not expected to be material at the end of the reporting period.

b) Liquidity risk

The Association maintains sufficient bank balances to meet its obligations as they fall due for payment and is therefore not subject to significant liquidity risk.