Financial Statements and Independent Auditor's Report

Ion Exchange and Company LLC

31 March 2019

Contents

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Independent Auditor's Report

To the Members of
Ion Exchange and Company LLC
P.O. Box 69
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Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Ion Exchange and Company LLC (the Company), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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, except for the effects of matters described in the Basis for Qualified Opinion section in our audit report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

The Company was awarded a concession agreement by Petroleum Development Oman (PDO) for the development and operation of the water treatment plant in the PDO sites for a period of 7 years commencing from August 2009, which has later been extended for further period of 5 years. Therefore, this agreement falls under the scope of "IFRIC 12 - Service concession arrangements". However, management has recognised related plant and equipment under "IAS 16 – Property Plant and Equipment". It constitutes a departure from International Financial Reporting Standards. We are unable to determine the impact on assets and retained earnings, had the Company implemented the provisions of IFRIC 12.

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 Company in accordance with the 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 financial statements in 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.

Independent Auditor's Report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Commercial Companies Law of Sultanate of Oman 1974, as amended, and for such internal control as the Management determine 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, the Management are responsible for assessing the Company'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 the Management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Ion Exchange and Company LLC

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the managements' 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 Company'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 Company 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 those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of the Company as of and for the year ended 31 March 2019, in all material respects, have been prepared in accordance with the Commercial Companies Law of Sultanate of Oman 1974, as amended.

Nasser Al Mugheiry
Licence No. MH/64
ABU TIMAM
(Chartered Certified Accountants)

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س.ت رقم ١٠٩٨٩٧٧
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2 May 2019

Statement of financial position

as at 31 March 2019

	Notes	2019 RO	2018 RO
ASSETS			
Non-current assets:			
Plant and equipment	5	206,696	244,008
Total non-current assets		206,696	244,008
Current assets:			
Accounts receivable and prepayments	6	300,090	488,410
Amounts due from a related party	7.2	12,977	2,404
Inventories		3,983	-
Cash and cash equivalents	8	342,181	187,988
Total current assets		659,231	678,802
Total assets		865,927	922,810
MEMBERS' EQUITY AND LIABILITIES			
Members' equity:			
Share capital	9	300,000	300,000
Legal reserve	10	100,000	100,000
Retained earnings		216,189	250,789
Total Members' equity		616,189	650,789
Non-current liabilities:			
Staff terminal benefits	11	22,688	21,690
Total non-current liabilities		22,688	21,690
Current liabilities:			
Trade payable and accruals	12	127,755	120,555
Amounts due to related parties	7.2	78,652	113,117
Provision for tax	18(a)	20,643	16,659
Total current liabilities		227,050	250,331
Total liabilities		249,738	272,021
Total Members' equity and liabilities		865,927	922,810

The financial statements on pages 4 to 27 were approved by the Members on 2 May 2019 and were signed on the Company's behalf by:

VIJAY CHINTALAPUDI
DIRECTOR

ION EXCHANGE & COMPANY LLC
C.R. NO.:1008726
P.O.Box 69, 112 Ruwi

ALI SAID AL HARTHY
DIRECTOR

The accompanying notes on pages 8 to 27 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Ion Exchange and Company LLC

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2019

	Notes	2019 RO	2018 RO
Revenue	13	**1,237,415**	1,083,653
Cost of sales	14	**(802,809)**	(685,538)
Gross profit		**434,606**	398,115
Other income		**4,686**	6,845
General and administrative expenses	15	**(214,253)**	(202,659)
Selling and marketing expenses	16	**(3,238)**	(652)
Other operating expenses	17	**(88,458)**	(85,942)
Profit from operations		**133,343**	115,707
Finance costs		**(617)**	(3,707)
Profit before tax		**132,726**	112,000
Income tax	18(a)	**(20,787)**	(16,659)
Profit for the year		**111,939**	95,341
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**111,939**	95,341

The accompanying notes on pages 8 to 27 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Ion Exchange and Company LLC

Statement of changes in Members' equity

for the year ended 31 March 2019

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
At 1 April 2017	300,000	100,000	245,448	645,448
Net movement	-	-	-	-
Dividends paid during the year	-	-	(90,000)	(90,000)
Transactions with the Owners	-	-	*(90,000)*	*(90,000)*
Profit for the year	-	-	95,341	95,341
Transfer to legal reserve	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	***95,341***	***95,341***
At 31 March 2018	**300,000**	**100,000**	**250,789**	**650,789**
At 1 April 2018	**300,000**	**100,000**	**250,789**	**650,789**
Impact from adoption of IFRS 9 and 15	-	-	(56,539)	(56,539)
Adjusted balance at 1 April 2019	**300,000**	**100,000**	**194,250**	**594,250**
Net movement	-	-	-	-
Dividends paid during the year	-	-	(90,000)	(90,000)
Transactions with the Owners	-	-	***(90,000)***	***(90,000)***
Profit for the year	-	-	111,939	111,939
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	***111,939***	***111,939***
At 31 March 2019	**300,000**	**100,000**	**216,189**	**616,189**

The accompanying notes on pages 8 to 27 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Ion Exchange and Company LLC

Statement of cash flows

for the year ended 31 March 2019

	Notes	2019 RO	2018 RO
Profit for the year before tax		132,726	112,000
Adjustments for:			
Depreciation	5	64,619	63,086
Impact of IFRS 9		(56,539)	-
Staff terminal benefits	11	4,705	5,527
Finance costs		617	3,707
Operating profit before working capital changes		146,128	184,320
Changes in working capital:			
Inventories		(3,983)	-
Accounts receivable and prepayments		188,320	(89,746)
Amounts due from a related party		(10,573)	(2,404)
Trade payable and accruals		7,200	(67,687)
Amounts due to related parties		(34,465)	16,468
Cash flow generated from operations		292,627	40,951
Staff terminal benefits paid, reversed	11	(3,707)	(297)
Tax paid	18(a)	(16,803)	(7,807)
Finance costs paid		(617)	(3,707)
Net cash flow generated from operating activities		271,500	29,140
Cash flow from investing activities:			
Purchases of non-current assets	5	(27,307)	(13,275)
Net cash used in investing activities		(27,307)	(13,275)
Cash flow from financing activities			
Dividends paid during the year		(90,000)	(90,000)
Net cash used in financing activities		(90,000)	(90,000)
Net increase/(decrease) in cash and cash equivalents		154,193	(74,135)
Cash and cash equivalents at the beginning of the year		187,988	262,123
Cash and cash equivalents at the end of the year	8	342,181	187,988

The accompanying notes on pages 8 to 27 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Notes

(forming part of the financial statements)

1 Nature of operations

Ion Exchange and Company LLC (the Company) is primarily engaged in the supplying and installation of sewage and water treatment plants in the Sultanate of Oman.

2 General information and statement of compliance with IFRSs

The Company is a limited liability company incorporated and registered with registration number 1008762 in the Sultanate of Oman on 20 November 2006 in accordance with the Commercial Companies Law of 1974, as amended.

The address of the Company registered office is P.O. Box 69, Postal Code 112, Ruwi, the Sultanate of Oman.

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

3 Change in accounting policies

3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2018

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2018. Information on these new standards is presented below.

- *IFRS 9 Financial Instruments*;
- *IFRS 15 Revenue from Contracts with Customers*;
- *'Recognition of Deferred Tax Assets for unrealized losses'* (Amendments to IAS 12);
- *IFRIC 22 Foreign Currency Translations and Advance Consideration;*
- *Amendments to IFRS 2 classification and Measurement of Share-based payment Transactions;*
- *Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;*
- *Amendments to IAS 40: Transfers of Investment Property;*
- *Annual Improvements to IFRS Standards 2014-2016 cycle dealing with matters in IFRS 1 First-time; and*
- *Adoption and IAS 28 Investments in Associates and Joint Ventures.*

3.2 New Standards adopted as at 1 April 2018

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. When adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

Management has identified the following areas that are expected to be impacted by the application of IFRS 9:

- The classification and measurement: majority of financial assets of the Company are accounted for at amortised cost.
- The impairment of financial assets applying the expected credit loss model: this will apply to the Company's trade receivables arising from IFRS 15, the Company applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component. Also applies to cash at bank balance and amounts due from a related party, the Company applied a 12 months expected credit loss method.

3 Change in accounting policies (continued)

3.2 New Standards adopted as at 1 April 2018 (continued)

Classification and measurement of financial assets and financial liabilities

On the date of initial application, 1 April 2018, the financial instruments of the Company were reclassified and reconciled as follows:

	Measurement category		Carrying amount		
	As per IAS 39	As per IFRS 9	Closing balance 31 March 2018 (IAS 39)	Adoption of IFRS 9 (Re-measurement)	Opening balance 1 April 2018 (IFRS 9)
Financial assets:					
Trade receivables	Loan and receivable	Amortised cost	461,430	(56,539)	404,891
Amounts due from a related party	Loan and receivable	Amortised cost	2,404	-	2,404
Cash and cash equivalents	Loan and receivable	Amortised cost	342,181	-	342,181
			806,015	**(56,539)**	**749,476**

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

The following table summarises the impact, net of tax, of transition adjustment on adoption of IFRS 9 on the opening balance of accumulated losses.

	Impact on adopting IFRS 9 on opening balance RO
Retained earnings	250,789
Recognition of expected credit loss under IFRS 9	(56,539)
Impact on 1 April 2018	**194,250**

ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 April 2018 results in an additional allowance for impairment as follows:

	ECL impact on adopting IFRS 9 on opening balances RO
Loss allowance as at 31 March 2018 under IAS 39	-
Additional impairment recognised at 1 January 2018 on:	
Trade receivables at 31 March 2018	56,539
Amounts due from a related party at 31 March 2018	-
Cash and cash equivalents	-
Loss allowance at 1 April 2018 under IFRS 9	**56,539**

IFRS 15 Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new Standard is applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

3 Change in accounting policies (continued)

3.2 New Standards adopted as at 1 January 2018 (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRSs. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company's adoption of IFRS 15 under modified retrospective method had no material impact on the financial statements of the Company.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the financial statements is provided below.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 16 Leases

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information.

Other

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company. These standards are listed as follows:

- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019);
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019);
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019);
- IFRS 17 Insurance Contracts (effective 1 January 2022).

4 Summary of accounting policies

4.1 Overall considerations

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below:

4.2 Presentation of financial statements

The financial statements are presented in accordance with IAS 1 *Presentation of Financial Statement.*

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.3 Foreign currency translation

Functional and presentation currency

The financial statements are presented in the Rial Omani (RO) which is also the functional currency of Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the presentation currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items of statement of financial position at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income under 'other income' or 'other expenses'.

In the Company's financial statements, all items and transactions of the Company with a transaction currency other than the Rial Omani (the Company's presentation currency) were translated into the presentation currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date.

4.4 Revenue recognition

Policy after 1 April 2018

The Company is in the business of providing technical services to petroleum and gas companies. To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company's revenue is measured by reference to the price fixed within contracts or as per purchase order and therefore the amount of revenue to be earned from each customer is determined by reference to those fixed prices consideration received or receivable. Company records revenue at the amount it expects to receive net of discounts/rebates at average expected price per unit. Revenue is recognized net of refund liability deduction for any expected returns, simultaneously recognizing an asset for the right to recover the expected return goods from customers reducing the cost of sales of the Company.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.4 Revenue recognition (continued)

Policy after 1 April 2018 (continued)

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 4.6.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Policy before 1 April 2018
Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services provided, excluding trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Revenue from the sale of services is recognised when all the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits will flow to the seller;
- the stage of completion at the reporting date can be measured reliably; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

4.5 Operating expenses
Operating expenses are recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

4.6 Financial instruments

Financial asset policy after 1 April 2018

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.6 Financial instruments (continued)

Financial asset policy after 1 April 2018 (continued)

Classification and initial measurement of financial assets

The Company classifies its financial assets as follows:

- Financial assets at amortized cost;
- Financial assets at Fair value through other comprehensive income (FVOCI); and
- Financial assets at Fair value through profit or loss (FVTPL)

The Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model and how those risks are managed; and
- The frequency, volume and timing of sale in prior periods, the reasons for such sales and its expectations about future sales activity.

Contractual cash flow characteristics test

The Company assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Company reclassifies a financial asset when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash and cash equivalents, accounts receivables and amounts due from a related party fall into this category of financial instruments.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.6 Financial instruments (continued)

Financial asset policy after 1 April 2018 (continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Financial asset policy before 1 April 2018

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.6 Financial instruments (continued)

Financial asset policy before 1 April 2018 (continued)

Classification and subsequent measurement of financial assets

Financial assets and financial liabilities are measured subsequently as described below.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into 'receivables' upon initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets except for those at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income and are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables, which is presented within 'other expenses'.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash and cash equivalents, accounts receivable and amounts due from a related party fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include staff terminal benefits, trade payable and accruals and amounts due to related parties which are measured at amortised cost.

Impairment of financial assets

Trade receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. An impairment loss in respect of receivable is reversed if the subsequent increase in recoverable amount can be related to an event occurring after the impairment loss was recognised.

4 Summary of accounting policies (continued)

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank.

4.8 Post-employment benefits and short-term employee benefits

The provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

Government of Oman Social Insurance Scheme (the Scheme)

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme at 11.5% and 7% respectively, of gross salaries.

Non-Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to end of service benefits calculated at the rate of 15 days basic salary for each of the first three years of continuous service and at a rate of 30 days basic salary for each year of continuous service following the first three years. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

4.9 Plant and equipment

Plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company. Plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is calculated straight-line to write down the cost and valuation less estimated residual value of plant and equipment other than freehold land. The estimated useful lives are:

• Motor vehicles	5 years
• Furniture and fixtures	3 years
• Site and office equipment	3-10 years
• Software	3 years

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Gains and losses on disposal of plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recognised within 'other income' in the statement of profit or loss and other comprehensive income.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.10 Impairment testing

The assets are subject to impairment testing. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. The management of the Company has reviewed the assets of the Company and is of the opinion that no impairment has occurred to any of the Company's plant and equipment.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

4.11 Equity and reserves

Share capital is determined using the nominal value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the statement of changes in Members' equity.

All transactions with the Members of the Company are separately recorded in the statement of changes in Members' equity.

4.12 Leased assets

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and comprehensive income on a straight-line basis over the period of the lease.

4.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.13 Provisions, contingent liabilities and contingent assets (continued)

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

4.14 Income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases.

In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income.

4.15 Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 March 2019 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are mentioned in Note 5.

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector in which the customers of the Company operate, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 19.2.

Notes

(forming part of the financial statements)

5 Plant and equipment

	Motor vehicles RO	Furniture and fixtures RO	Site and office equipment RO	Hardware and software RO	Total RO
Cost:					
At 1 April 2018	123,415	21,769	721,068	4,128	870,380
Additions	23,350	267	3,690	-	27,307
Disposals	(18,528)	-	(1,500)	-	(20,028)
At 31 March 2019	**128,237**	**22,036**	**723,258**	**4,128**	**877,659**
Depreciation:					
At 1 April 2018	61,620	21,769	538,855	4,128	626,372
Provided during the year	18,170	-	46,449	-	64,619
Disposals	(18,528)	-	(1,500)	-	(20,028)
At 31 March 2019	**61,262**	**21,769**	**583,804**	**4,128**	**670,963**
Net book value:					
At 31 March 2019	**66,975**	**267**	**139,454**	**-**	**206,696**

The carrying amounts for comparative year can be shown as follows:

	Motor vehicles RO	Furniture and fixtures RO	Site and office equipment RO	Hardware and software RO	Total RO
Cost:					
At 1 April 2017	153,305	21,769	721,068	4,128	900,270
Additions	13,275	-	-	-	13,275
Disposals	(43,165)				(43,165)
At 31 March 2018	123,415	21,769	721,068	4,128	870,380
Depreciation:					
At 1 April 2017	87,968	21,769	492,586	4,128	606,451
Provided during the year	16,817	-	46,269	-	63,086
Disposals	(43,165)	-	-	-	(43,165)
At 31 March 2018	61,620	21,769	538,855	4,128	626,372
Net book value:					
At 31 March 2018	61,795	-	182,213	-	244,008

6 Accounts receivable and prepayments

	31 March 2019 RO	31 March 2018 RO
Financial assets:		
Accounts receivables	341,748	441,676
Impairment on receivables (Note 19.2)	(55,113)	-
	286,635	441,676
Accrued revenue	-	19,754
Non-financial assets:		
Advances and prepayments	13,455	26,980
	300,090	488,410

7 Related party transactions

The Company's related parties include key management personnel and other business entities held under common control as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Notes

(forming part of the financial statements)

7 Related party transactions (continued)

7.1 Transactions with key management personnel

There are no transactions with key management personnel during the year.

7.2 Transactions with other business entities held under common control

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. A party is considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence.

These transactions are entered with related parties.

	31 March 2019 RO	31 March 2018 RO
Transactions with related parties:		
Sales	98,532	18,870
Dividend paid	90,000	90,000
Purchases	14,534	56,817
Expenses charged	37,654	-
Services provided	2,209	9,589

	31 March 2019 RO	31 March 2018 RO
Amounts due from a related party:		
Hofincons Company LLC	12,977	2,404
	12,977	2,404

	31 March 2019 RO	31 March 2018 RO
Amounts due to related parties:		
Ion Exchange Ltd, India	62,755	62,602
Ion Exchange Ltd, UAE	15,897	50,515
	78,652	113,117

Amounts due from/to related parties are unsecured, interest free and have no fixed repayment terms.

8 Cash and cash equivalents

	31 March 2019 RO	31 March 2018 RO
Cash at bank	341,980	186,229
Cash in hand	201	1,759
	342,181	187,988

9 Share capital

	31 March 2019 RO	31 March 2018 RO
300,000 shares fully paid up of RO 1 each	300,000	300,000

Notes

(forming part of the financial statements)

9 Share capital (continued)

The Members of the Company as at 31 March 2019 and 2018 and the number of shares they hold are as follows:

	Number of shares	% Holding	RO
Ion Exchange (India) Ltd,	153,000	51%	153,000
Hofincons and Company LLC	147,000	49%	147,000
	300,000	100%	300,000

10 Legal reserve

In accordance with the Commercial Companies Law of Oman, 1974, annual appropriations of 10% of the net profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the Company's paid-up share capital. This reserve is not available for distribution to the Members. During the year ended 31 March 2019 RO Nil has been transferred to legal reserve as the Company has reached its statutory limit (2018: RO Nil).

11 Staff terminal benefits

	31 March 2019 RO	31 March 2018 RO
Opening balance	21,690	16,460
Provided during the year	4,705	5,527
Paid during the year	(3,707)	(297)
Closing balance	22,688	21,690

12 Trade payable and accruals

	31 March 2019 RO	31 March 2018 RO
Financial liabilities:		
Trade payables	53,786	54,514
Accrued expenses	39,935	35,649
Non-financial liabilities:		
Advance from customers	34,034	30,392
	127,755	120,555

13 Revenue

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Revenue from services	1,148,018	984,558
Sale of spare parts	75,238	22,339
Sale of machinery	7,645	59,780
Sale of chemicals	6,514	16,976
	1,237,415	1,083,653

14 Cost of sales

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Salaries and related costs	321,668	225,767
Purchases of materials	284,948	256,370
Site expenses	119,396	121,041
Project expenses	48,393	52,047
Subcontracting charges	24,000	24,000
Custom charges	4,404	6,313
	802,809	685,538

Notes

(forming part of the financial statements)

15 General and administrative expenses

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Salaries and related costs	**143,866**	134,925
Rent	**21,360**	21,600
Insurance	**8,971**	9,097
Visa and immigration charges	**8,509**	6,681
Utilities expenses	**7,229**	886
Communication charges	**7,086**	6,487
Staff training	**6,565**	6,470
Professional and legal fees	**4,853**	9,378
Printing and stationery	**1,555**	2,344
Membership and subscription expenses	**1,000**	1,240
Miscellaneous expenses	**3,259**	3,551
	214,253	202,659

16 Selling and marketing expenses

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Tender expenses	**3,238**	652

17 Other operating expenses

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Depreciation	**64,619**	63,086
Travelling expenses	**16,451**	12,660
Repairs and maintenance	**7,388**	10,196
	88,458	85,942

18 Income tax

a) Recognised in the statement of profit or loss and other comprehensive income

The Company is subject to income tax at the rate of 15% of the taxable income in accordance with the Income Tax law of the Sultanate of Oman (2018: 15%).

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Income tax expense comprises:		
Current tax expense	20,643	16,659
Tax expense from prior year tax assessment	144	-
Adjustment of tax provision for prior years	-	-
	20,787	16,659

Notes

(forming part of the financial statements)

18 Income tax (continued)

b) Reconciliation of income tax expense

The relationship between the expected tax income based on the tax rates of 15% (2018: 15%) and the reported tax expense in the profit or loss can be reconciled as follows:

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Profit before tax	132,726	112,000
Add:		
Accounting depreciation	64,619	63,086
Tax consultancy fees	300	300
	197,645	175,386
Deduct:		
Tax depreciation	(58,763)	(64,325)
Profit on disposal	(1,260)	-
Taxable income	137,622	111,061
Tax rate	15%	15%
Income tax	20,643	16,659

c) Available tax losses

The Company has no taxable losses as at 31 March 2019 (2018: RO Nil) which can be utilised within a period of next five years.

d) Deferred tax asset/(liability)

Management has decided not to recognise any deferred tax during the year as the amounts are not material.

e) Current status of tax assessments

The Company's tax assessments has been finalised with the Secretariat General for Taxation till the year ended 31 March 2014. At the end of the reporting date, the Management consider that the amount of additional taxes, if any, that may become payable on finalisation of the unassessed tax years would not be material to the Company's financial position.

19 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

19.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating activities.

Foreign currency sensitivity

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

19 Financial instruments risk (continued)

Risk management objectives and policies (continued)

The majority of the Company's foreign currency transactions are either in the US Dollar or in currencies that are linked to the US Dollar. The rate of exchange between the Rial Omani and the US Dollar has remained constant since 1986.

To mitigate the Company's exposure to foreign currency risk non-Rial Omani cash flows are monitored.

Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company is not exposed to interest rate risk.

Other price risk sensitivity

The Company is not exposed to any price risk.

19.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash at bank.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Credit risk management

The credit risk is managed on a group basis based on the Company's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks are managed via diversification of balances held with major reputable financial institutions.

The credit terms range between 30 and 60 days for trade receivable. The credit terms for customers as negotiated with customers are subject to an internal approval process. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers mostly operating in Engineering and construction Sector in Sultanate of Oman.

Security

The Company does not hold any security on the trade receivables balances.

In addition, the Company does not hold collateral relating to other financial assets such as cash and cash equivalents held with bank.

Credit risk on cash at bank

The credit risk in respect of cash balances held with banks are managed via diversification of balances held with major reputable financial institutions.

The cash at bank is considered to be a low risk item. The determination of the risk is based on the credit rating of the bank from the reputable credit rating agencies. The Company believes that the Expected Credit Loss (ECL) on cash at bank is immaterial and therefore has not been considered in the financial statements.

19 Financial instrument risks (continued)

19.2 Credit risk (continued)

Credit risk on cash at bank (continued)

Security name	31 March 2018 RO	31 March 2017 RO
Fair risk Ba1 to Caa3	341,980	186,229
	341,980	186,229

Expected credit loss on trade receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past two years. These are then adjusted for the current economic outlook of the geographical region to which the receivables belong.

31 March 2018	Expected credit loss rate %	Gross carrying amount RO	Loss allowance RO	Credit impaired
Not past due	0.43	287,192	1,246	No
1-60 days past due	68.44	2,185	1,496	No
More than 60 days	100.00	52,371	52,371	Yes
		341,748	55,113	

1 April 2018	Expected credit loss rate %	Gross carrying amount RO	Loss allowance RO	Credit impaired
Not past due	0.43	385,127	1,671	No
1-60 days past due	68.44	5,326	3,645	No
More than 60 days	100.00	51,223	51,223	Yes
		441,676	56,539	

Ion Exchange and Company LLC

Notes

(forming part of the financial statements)

19 Financial instrument risk (continued)

Risk management objectives and policies (continued)

19.3 Liquidity risk analysis

Liquidity risk referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's maximum exposure to liquidity risks is limited to the carrying amount of financial liabilities recognised at the reporting date, as summarised below:

	Year ended 31 March 2019 RO	Year ended 31 March 2018 RO
Financial liabilities:		
Trade payable and accruals	**93,181**	90,163
Amounts due to related parties	**78,652**	113,117
Staff terminal benefits	**22,688**	21,690
	194,521	224,970

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March 2019, based on contractual payment dates and current market interest rates.

	Less than 3 months RO	3 to 12 months RO	More than 1 year RO	Total RO
Non-interest bearing:				
Trade payables	53,786	-	-	**53,786**
Accrued expenses	39,395	-	-	**39,395**
Amounts due to related parties	78,652	-	-	**78,652**
Staff terminal benefits	-	-	22,688	**22,688**
	171,833	-	22,688	**194,521**

This compares to the maturities of the Company's financial liabilities in the previous reporting periods as follows:

	Less than 3 months RO	3 to 12 months RO	More than 1 year RO	Total RO
Non-interest bearing:				
Trade payables	54,514	-	-	54,514
Accrued expenses	35,649	-	-	35,649
Amounts due to related parties	113,117	-	-	113,117
Staff terminal benefits	-	-	21,690	21,690
	203,280	-	21,690	224,970

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

Notes

(forming part of the financial statements)

20 Contingent assets and other contingent liabilities

20.1 Contingent liabilities

The Company has advance bank guarantee amounting to RO 20,000 as at 31 March 2019 (2018: RO 237,547). There are no contingent assets as at 31 March 2019.

20.2 Operating lease commitments

	31 March 2019 RO	31 March 2018 RO
Less than 1 year	**2,600**	2,600

During the year an amount of RO 21,360 (2018: RO 21,600) was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases of flat and office premises.

21 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the Members by pricing products and services commensurately with the level of risk.