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**Shriram EPC Arkan LLC**  
(CR No.1288428)  
P.O.Box 1751, PC- 130, Muscat  
Sultanate of Oman

**Auditor's Report & Financial Statements**  
as at 31 December 2022

**GCCA**



مركز الخليج للاستشارات والتدقيق  
**Gulf Center Consultancy & Audit**  
Auditors & Business Consultants  
Sultanate of Oman

**Shriram EPC Arkan LLC  
(Limited Liability Company)**

**Financial Statements  
as at 31 December 2022**

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**Independent Auditor's report to the members of  
Shriram EPC Arkan LLC**

We have audited the accompanying financial statements of Shriram EPC Arkan LLC. ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in members' equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Gulf Center Consultancy & Audit  
Muscat, Sultanate of Oman



Ref: GCCA/MCT/2023/AR/5216  
Date: 02 July 2023

**Shriram EPC Arkan LLC**  
(Limited Liability Company)

**Statement of Financial Position**  
as at 31 December 2022

	<u>NOTE</u>	<u>31.12.2022</u> <u>OMR</u>	<u>31.12.2021</u> <u>OMR</u>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property, plant and equipment's	7	-	-
<b>Current Assets</b>			
Trade receivables	8	-	660,022
Due from related party	9	2,936,886	2,976,187
Loans, advances and other receivables	10	9,000	5,000
Cash and cash equivalents	11	1,934	88,048
<b>Total Current Assets</b>		<b>2,947,820</b>	<b>3,729,257</b>
<b>Total Assets</b>		<b>2,947,820</b>	<b>3,729,257</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Registered and paid up share capital		250,000	250,000
Legal reserve		9,964	9,964
Retained earnings		33,864	77,593
<b>Total Equity</b>		<b>293,828</b>	<b>337,557</b>
<b>Non current liability</b>			
Retentions payables		2,212,823	2,214,944
<b>Total Non Current Liabilities</b>		<b>2,212,823</b>	<b>2,214,944</b>
<b>Current Liabilities</b>			
Trade payables		422,223	1,156,716
Accruals, provisions and other payables	12	18,946	20,040
<b>Total Current Liabilities</b>		<b>441,169</b>	<b>1,176,756</b>
<b>Total Equity and Liabilities</b>		<b>2,947,820</b>	<b>3,729,257</b>

The notes on pages 6 to 17 form an integral part of these financial statements.

These financial statements were approved and authorised for issue in accordance with a resolution of the shareholders on 25 June 2023 and signed on their behalf by:

The report of auditors on Page 1

Member



**Shriram EPC Arkan LLC**  
(Limited Liability Company)

**Statement of Comprehensive Income**  
For the year from 01 January 2022 to 31 December 2022

	<u>NOTE</u>	<u>31.12.2022</u> <u>OMR</u>	<u>31.12.2021</u> <u>OMR</u>
Revenue		-	580,666
Less: Cost of sales	6	33,727	566,706
<b>Gross profit</b>		<b>(33,727)</b>	<b>13,960</b>
Other Income		14,204	75,431
		<b>(19,523)</b>	<b>89,391</b>
<b><u>Expenditure</u></b>			
Employment cost	13	4,805	11,724
General and administrative expenses	14	19,082	64,964
Utilities	15	253	2,268
Financial charges	16	66	5
Depreciation	7	-	5,069
<b>Total expenditure</b>		<b>24,206</b>	<b>84,030</b>
<b>Net loss for the year</b>		<b>(43,729)</b>	<b>5,361</b>
Less: Taxation provision		-	6,999
<b>Retained loss for the year</b>		<b>(43,729)</b>	<b>(1,638)</b>

The notes on pages 6 to 17 form an integral part of these financial statements.

These financial statements were approved and authorised for issue in accordance with a resolution of the shareholders on 25 June 2023 and signed on their behalf by:

Member

The report of auditors on Page 1



**Shriram EPC Arkan LLC**  
(Limited Liability Company)

**Statement of Changes in Equity**  
**for the year ended 31 December 2022**

	<u>Registered</u> <u>Share</u> <u>Capital</u> <u>OMR</u>	<u>Legal</u> <u>Reserve</u> <u>OMR</u>	<u>Retained</u> <u>Earnings</u> <u>OMR</u>	<u>Total</u> <u>OMR</u>
<b>Balance as at :</b>				
<b>01 January 2022</b>	250,000	9,964	77,593	<b>337,557</b>
Net loss for the year	-	-	(43,729)	<b>(43,729)</b>
Provision for taxation	-	-	-	-
<b>Balance as at :</b>				
<b>31 December 2022</b>	<b>250,000</b>	<b>9,964</b>	<b>33,864</b>	<b>293,828</b>
<b>Balance as at :</b>				
<b>01 January 2021</b>	250,000	9,964	79,231	<b>339,195</b>
Net profit for the year	-	-	5,361	<b>5,361</b>
Provision for taxation	-	-	(6,999)	<b>(6,999)</b>
<b>Balance as at :</b>				
<b>31 December 2021</b>	<b>250,000</b>	<b>9,964</b>	<b>77,593</b>	<b>337,557</b>

**Note**

1) The share capital represent the registered share capital of the company as per the Commercial Registration Certificate issued by the Ministry of Commerce and Industry and Investment Promotion, Sultanate of Oman.



**Shriram EPC Arkan LLC**  
**(Limited Liability Company)**

**Statement of Cash Flow for the year ended 31 December 2022**

		<u>2022</u> <u>OMR</u>	<u>2021</u> <u>OMR</u>
<b>Retained loss for the year</b>	<b>(a)</b>	<b>(43,729)</b>	<b>5,361</b>
<u>Add: Adjustment for Items not involving the movement of funds</u>			
Depreciation		-	5,069
Operating profit before changes in working capital	<b>(b)</b>	<b>(43,729)</b>	<b>10,430</b>
<u>Changes in Working capital</u>			
Trade receivables		660,022	965,338
Loans, advances and other receivables		(4,000)	390,219
Trade creditors		(734,493)	(1,331,823)
Due from related party		39,301	
Accruals, provisions and other payables		(1,094)	-
Total Changes in Working Capital	<b>(c)</b>	<b>(40,264)</b>	<b>23,734</b>
Net Cash Flow from Operating Activities	<b>(d)</b>	<b>(83,993)</b>	<b>34,164</b>
<u>Cash Flow from Investing Activities</u>			
Fixed assets disposal		-	54,033
Net Cash Flow from Investing Activities	<b>(e)</b>	<b>-</b>	<b>54,033</b>
<u>Cash Flow from Financing Activities</u>			
Retentions payable		(2,121)	(107,317)
Net Cash Flow from financing activities	<b>(f)</b>	<b>(2,121)</b>	<b>(107,317)</b>
Net Cash Flow from Operating/Investing & Financing Activities	<b>(d)+(e)+(f)</b>	<b>(86,114)</b>	<b>(19,120)</b>
Cash on hand and Bank - Beginning of the year		88,048	107,168
<b>Cash on hand and Bank - End of the year</b>		<b>1,934</b>	<b>88,048</b>

The notes on pages 6 to 17 form an integral part of these financial statements.



**Shriram EPC Arkan LLC**  
(Limited Liability Company)

**Notes related to the Financial Statements for the year ending 31 December 2022**

**1 Legal status**

Shriram EPC Arkan LLC ('the company') is a limited liability company registered with Ministry of Commerce, Industry and Investment Promotion, Sultanate of Oman, in accordance with the provisions of the Commercial Companies Law and Regulations.

The Commercial Registration Number of the company is 1288428 and the date of incorporation is on 07 March 2017 as per the commercial registry records.

The registered share capital of the company is OMR.250,000/- divided into 250,000 equity shares of OMR.1 each.

The shareholding pattern / proportion of the company as on the date of these financial statements are as under :

S.No.	Shareholders	Nationality	Percentage	Shares	Amount
1	Arkan Group LLC	Omani	30%	75,000	75,000
2	Shriram EPC (FZE)	UAE	70%	175,000	175,000
Total			100%	250,000	250,000

**2 Activities & principal place of business**

The principal activities of the company are Construction of outdoor swimming pools, roads, buildings, utility projects, airports, harbours, sewer systems, maintenance and repair of wells and falajis, water well drilling, civil engineering projects, construction and maintenance of railways, etc.

The company's principal place of business is located at Muscat, Sultanate of Oman.

**3 Basis of preparation**

**(a) Statement of Compliance**

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the relevant requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman.

**(b) Basis of preparation**

These financial statements have been prepared under historical cost convention and going concern assumptions, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of these financial statements are in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.





**Notes related to the Financial Statements for the year ending 31 December 2022**

**(c) Functional and presentation Currency**

These financial statements are presented in Rials Omani, which is the Company's functional currency.

**(d) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**4 Significant accounting policies**

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been adopted for all the years presented, unless stated otherwise.

**(a) Property, Plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

**Depreciation**

Depreciation is calculated in accordance with the straight-line method to write off the cost of each asset to its estimated residual value over its useful economic life. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful economic lives of items of property, plant and equipment. These estimated useful economic lives are as follows.

Depreciation has been calculated from the date of acquisition at the following rates:

	<u>Years</u>
Building	20
Furniture and fixtures	5
Computers	6-7
Office equipments	6-7

Gains and losses on sale of property, plant and equipment are determined by reference to the carrying amount and are taken into account in determining net profit or loss.



**Notes related to the Financial Statements for the year ending 31 December 2022**

**Property, Plant and equipment (contd..)**

Repairs and renewals to the property, plant and equipment's are charged to profit or loss when the expenditure is incurred.

The useful lives, residual value and depreciation methods are reviewed regularly and any adjustment required are affected in the change for the current and future years as a change in account estimate.

**(b) Capital work in progress**

Expenditure incurred on the construction of new facilities prior to asset is ready for its intended use is capitalised. Capital work-in-progress is transferred to property, plant and equipment and depreciated when these are ready for their intended use.

**(c) Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses, if any.

**(d) Cash and Cash equivalents**

Cash and cash equivalents comprise cash balances in hand and balances at company's current and deposit accounts. Bank borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(e) Bank Borrowings**

Bank borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(f) Impairment**

The carrying amounts of the Company's assets, other than inventories are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. As impairment loss is recognised in the profit and loss account whenever the carrying amounts of an asset exceeds its recoverable amount.

The recoverable amount of the Company's receivables is calculated as the present value of future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.



**Shriram EPC Arkan LLC**  
**(Limited Liability Company)**

**Notes related to the Financial Statements for the year ending 31 December 2022**

**(g) Dividends**

Dividends are recognised as a liability in the period in which they are declared and appropriated.

**(h) Employee benefits**

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in profit and loss as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on employees accumulated period of service at the statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and air passages are recognized when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services upto the reporting date. The accruals relating to annual leave and air passage are disclosed as a part of current liabilities.

**(i) Accruals and provisions**

A provision is recognised in the Statement of financial position when the company 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 obligations. If the effect is material, provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(j) Trade and other payables**

Trade and other payables are stated at their cost.

**(k) Revenue**

Revenue from the sale of goods and provision of services is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(l) Income Tax**

Taxation is provided in accordance with the Taxation Laws, Rules and regulations @ 15% of the income computed as per the regulations. Income Tax for the year comprises current and deferred tax. Current tax is expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the end of the reporting period.



**Notes related to the Financial Statements for the year ending 31 December 2022**

**Income Tax (Contd..)**

Provision for taxation is made on the computed net profit for the year after giving due consideration to adjustments for potential allowances and disallowances as per the Taxation Laws. Income tax assessments by the Oman Tax Authority are pending from the tax year 2019. The management considers that the amount of taxes, if any, that may become payable in relation to the tax years for which the assessments are pending would not be material to the company's financial position as at 31 December 2022.

**(m) Interest and Financial charges**

The Interest charges comprise interest paid during the year and payable on borrowings, are recognised in the period in which they are incurred. Interest costs incurred in connection with borrowings are expensed as incurred as part of that financing costs.

**(n) Foreign Currency Transactions**

Transactions denominated in foreign currencies are converted to Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are converted to Rials Omani at exchange rates ruling at that date. Foreign exchange differences arising on conversion are recognised in the statement of income.

**(o) Legal Reserve**

As required by Article 274 of the Commercial companies Law of Sultanate of Oman, the company transfers 10% of its net profit for the year to a legal reserve until such time the cumulative legal reserve reaches one third of the paid up share capital of the company. This reserve is not available for distribution..

**5 Determination of fair values**

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non financial assets and liabilities utilises market observable inputs and data as far as possible.

	<u>2022</u>	<u>2021</u>
	<u>OMR</u>	<u>OMR</u>
<b>6 <u>Cost of Operations</u></b>		
Labour chargrs	3,046	548,409
Rent	-	14,720
Consumption	2,070	2,967
Liquidated damaged	28,611	-
Power & Fuel	-	610
<b>TOTAL</b>	<b>33,727</b>	<b>566,706</b>



**Shriram EPC Arkan LLC**  
(Limited Liability Company)

Notes related to the Financial Statements for the year ending 31 December 2022

**7 Property, Plant and equipment**

	<u>Building</u>	<u>Furniture &amp; Fixtures</u>	<u>Computers</u>	<u>Office Equipments</u>	<u>Total</u>
	<u>OMR</u>	<u>OMR</u>	<u>OMR</u>	<u>OMR</u>	<u>OMR</u>
<b><u>a) Year 2022</u></b>					
<b><u>Cost</u></b>					
As on 01 January 2022	-	-	-	-	-
Additions during the year	-	-	-	-	-
As on 31 December 2022	-	-	-	-	-
<b><u>Depreciation</u></b>					
As on 01 January 2022	-	-	-	-	-
Charge for the year	-	-	-	-	-
As on 31 December 2022	-	-	-	-	-
<b>Written Down Value</b>					
As on 31 December 2022	-	-	-	-	-
<b><u>b) Year 2021</u></b>					
<b><u>Cost</u></b>					
As on 01 January 2021	20,968	35,200	7,231	8,652	<b>72,051</b>
Additions during the year	-	-	-	-	-
Deletions/Adjustments	(20,968)	(35,200)	(7,231)	(8,652)	<b>(72,051)</b>
As on 31 December 2021	-	-	-	-	-
<b><u>Depreciation</u></b>					
As on 01 January 2021	3,100	6,185	1,821	1,843	<b>12,949</b>
Charge for the year	1,058	2,151	1,169	691	<b>5,069</b>
Deletions/Adjustments	(4,158)	(8,336)	(2,990)	(2,534)	<b>(18,018)</b>
As on 31 December 2021	-	-	-	-	-
<b>Written Down Value</b>					
As on 31 December 2021	-	-	-	-	-
Rate of depreciation	4.00%	20.00%	15.00%	15.00%	



**Shriram EPC Arkan LLC**  
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Notes related to the Financial Statements for the year ending 31 December 2022

	<u>2022</u>	<u>2021</u>
	<u>OMR</u>	<u>OMR</u>
<b>8 Trade Debtors</b>		
Sundry debtors, on account of credit sales	-	660,022
The trade receivables are stated at their cost less impairment losses if any.		
The ageing of trade receivables are as follows		
Outstanding, between 1 to 90 days	-	462,015
Outstanding, between 91 to 180 days	-	132,004
Above 180 days	-	66,002
TOTAL	-	660,022
<b>9 Related party transactions</b>		
Amounts due from related parties at the end of the reporting period are:-		
(a) <b>Due from related parties</b>		
Shriram EPC FZE	2,936,886	2,976,187
	<u>2,936,886</u>	<u>2,976,187</u>
<b>10 Loans, advances and other receivables</b>		
Security deposit	5,000	5,000
Advance paid to supplier	4,000	-
TOTAL	<u>9,000</u>	<u>5,000</u>
<b>11 Cash in hand and balance at banks</b>		
Cash in hand	6	6
Cash at bank	1,928	88,042
TOTAL	<u>1,934</u>	<u>88,048</u>
<b>12 Accruals, provisions and other payables</b>		
Provision for expenses	10,297	10,467
Salary payable	1,650	-
Other payables	-	2,574
Taxation provision	6,999	6,999
TOTAL	<u>18,946</u>	<u>20,040</u>



**Notes related to the Financial Statements for the year ending 31 December 2022**

	<u>2022</u>	<u>2021</u>
	<u>OMR</u>	<u>OMR</u>
<b>13 <u>Employment expenses</u></b>		
Salary and allowances-staff	3,335	9,535
Social insurance contribution	-	410
Staff welfare expenses	1,470	1,779
TOTAL	<u>4,805</u>	<u>11,724</u>
<b>14 <u>General and administrative expenses</u></b>		
Repair and maintenance - Office	-	857
Travelling and conveyance	-	5,243
Professional charges	14,012	3,829
Insurance charges	127	1,641
Loss on sale of assets	-	52,676
Miscellaneous expenses	4,943	718
TOTAL	<u>19,082</u>	<u>64,964</u>
<b>15 <u>Utilities</u></b>		
Telephone, GSM, internet, postage and courier	63	1,993
Printing and stationery	190	275
TOTAL	<u>253</u>	<u>2,268</u>
<b>16 <u>Financial charges</u></b>		
Bank charges	66	5
TOTAL	<u>66</u>	<u>5</u>
<b>17 <u>Contingent liabilities</u></b>		

There is no contingent liabilities outstanding as on date of these financial statements..



**Shriram EPC Arkan LLC**  
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Notes related to the Financial Statements for the year ending 31 December 2022

**18 Financial assets and liabilities and risk management**

**a) Financial assets and liabilities**

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade and other receivables, trade and other payables and due from and to related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**b) Risk management**

Risk management is carried out by the Finance Department under policies approved by the members. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the members. The company provides principles for overall risk management, as well as policies covering specific areas.

**c) Capital management**

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize members value.

The company manages its capital structure and make adjustments to it, in light of the changes in economic conditions. No changes were made in the objectives, policies and processes during the year ended 31 December 2022.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt cash and bank balances. Capital includes share capital, reserves, accumulated losses, loan from members and members accounts.

	<u>2022</u>	<u>2021</u>
	<u>OMR</u>	<u>OMR</u>
Trade payables	422,223	1,176,756
Retentions payable	2,231,769	2,214,944
Less: Cash and bank balances	(1,934)	(88,048)
Net debt	<u>2,652,058</u>	<u>3,303,652</u>
Net Equity as on 31 December	293,828	337,557
Members accounts Total Capital	<u>293,828</u>	<u>337,557</u>
Total capital and net debt	(2,358,230)	3,641,209
<b>Gearing Ratio/ Leverage</b>	<b>9.03</b>	<b>9.79</b>





**Notes related to the Financial Statements for the year ending 31 December 2022**

**d) Market Risk**

**i Foreign exchange risk**

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The majority of the company's financial assets and financial liabilities are either denominated in Rials Omani or currencies fixed against the Rials Omani. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthen against the Rials Omani with all other variables held constant.

Management considers that sensitive analysis is not necessary due to the Company's limited exposure to foreign exchange risk.

**ii Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The company is not exposed to interest rate risk as the Company has not borrowed any interest bearing funds., other than the normal banking facilities.

**iii Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

As the company does not have any investments, the company is not exposed to price risk as on the date of these financial statements.

**iv Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.



**Notes related to the Financial Statements for the year ending 31 December 2022**

**Credit Risk (Contd.)**

The company is potentially exposed to credit risk principally on its trade and other receivables, amounts due from related parties and cash and bank balances. The credit risk on trade and related party receivables is subjected to credit evaluations and a provision is made for estimated irrecoverable amounts. The amounts presented in the statement of financial position are net of provision for expected credit losses of impaired trade and related party receivables. The company is not exposed to any significant concentration of credit risk because it has a large number of customers. The bank balances is held with a nationalized bank with a good credit rating.

**v Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

The company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available, including utilized credit facilities with banks, to meet any future commitments. The company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

At the end of the reporting period, the contractual maturity analysis in respect of financial liabilities are provided below.

<b><u>31 December 2022</u></b>	<b>Total Amount RO</b>	<b>Less than 1 year RO</b>	<b>Between 1 and 5 years RO</b>
Trade and other payables	441,169	18,946	422,223
Due to related parties	293,828	-	293,828
<b>Total</b>	<b>734,997</b>	<b>18,946</b>	<b>716,051</b>

<b><u>31 December 2021</u></b>	<b>Total Amount RO</b>	<b>Less than 1 year RO</b>	<b>Between 1 and 5 years RO</b>
Trade and other payables	1,176,756	20,040	1,156,716
Due to related parties	337,557	-	337,557
<b>Total</b>	<b>1,514,313</b>	<b>20,040</b>	<b>1,494,273</b>



Notes related to the Financial Statements for the year ending 31 December 2022

**19 Fair values of financial instruments**

Financial instruments consist of financial assets and liabilities. Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade receivables, other receivables and prepayments, trade and other payables, lease liabilities and amounts due from and to related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying amounts.

**20 Comparatives**

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's financial statements. Such regrouping or reclassification did not affect the previously reported net profit or members equity.

**21 Events occurred after the financial statement date**

There are no events occurring subsequent to the date of financial statements and before the date of the Auditors' report that are expected to have a significant impact on these financial statements.

These financial statements were approved and authorised for issue in accordance with a resolution of the shareholders on 25 June 2023 and signed on their behalf by:

The report of auditors on Page 1

Member

(company seal)

