

**Semac & Partners LLC**

**Financial statements for the year  
ended 31 March 2020**

**Semac & Partners LLC**

**Financial statements for the year ended 31 March 2020**

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## Semac & Partners LLC

### Administration and contact details as at 31 March 2020

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<b>Commercial registration number</b>	1594788
<b>Members</b>	Semac Consultants Private Limited, India IBN Khadun Al Madaen Engineering Consultants
<b>Registered office</b>	Post Box 3784 Postal code 112 Muscat Sultanate of Oman
<b>Bankers</b>	Bank Muscat Oman Arab Bank
<b>Auditors</b>	BDO LLC Suite No. 601 & 602 Pent House, Beach One Building Way No. 2601, Shatti Al Qurum PO Box 1176, Ruwi, PC 112 Muscat Sultanate of Oman

**Members' Report**

The Members submit their report and the audited financial statements for the year ended 31 March 2020.

**Principal activities**

The Company's principal activity is providing engineering and architectural consultancy services.

**Basis of preparation of accounts**

The accompanying audited financial statements have been prepared in accordance with International Financial Reporting Standards and the Commercial Companies Law of the Sultanate Of Oman.

**Results and appropriations**

The results of the Company for the year ended 31 March 2020 are set out on page 7 of the financial statements.

**Auditors**

The financial statements have been audited by BDO LLC who offer themselves for re-appointment.

On behalf of Semac & Partners LLC



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Semac Consultants Private Limited, India  
Member



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Sultanate of Oman

## **Independent auditor's report to the Members of Semac & Partners LLC**

### **Report on the Audit of the Financial Statements Opinion**

We have audited the financial statements of Semac & Partners LLC (the Company), which comprise the statement of financial position as at 31 March 2020, the statement of profit and loss and other comprehensive income, the statement of changes in members' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for Opinion**

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

### **Other information**

Management is responsible for the other information. The other information comprises the Members' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**Independent auditor's report to the Members of  
Semac & Partners LLC (continued)**

**Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)**

In preparing the financial statements, management is 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 management either intends 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.



**Independent auditor's report to the Members of  
Semac & Partners LLC (continued)**

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

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**

We report that the financial statements of the Company as at, and for the year ended 31 March 2020, in all material respects, comply with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman.

Muscat  
26 July 2020



**BDO LLC**

**Semac & Partners LLC**  
**Statement of financial position as at 31 March 2020**  
**(Expressed in Omani Rials)**

	Notes	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	6	42,021	25,767
<b>Total non-current assets</b>		<u>42,021</u>	<u>25,767</u>
<b>Current assets</b>			
Trade and other receivables	8	480,104	763,608
Due from related parties	9	385,967	386,699
Cash and bank balances	18	411,777	182,129
<b>Total current assets</b>		<u>1,277,848</u>	<u>1,332,436</u>
<b>Total assets</b>		<u><u>1,319,869</u></u>	<u><u>1,358,203</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	250,001	250,001
Proposed increase in share capital	10	999	999
Legal reserve	11	83,667	83,667
Retained earnings		811,484	759,064
<b>Total capital and reserves</b>		<u>1,146,151</u>	<u>1,093,731</u>
<b>Non-current liabilities</b>			
Employees' benefit liabilities	12	58,760	52,210
<b>Total non-current liabilities</b>		<u>58,760</u>	<u>52,210</u>
<b>Current liabilities</b>			
Other payables	13	96,160	179,528
Income tax payable	19	18,798	32,734
<b>Total current liabilities</b>		<u>114,958</u>	<u>212,262</u>
<b>Total liabilities</b>		<u>173,718</u>	<u>264,472</u>
<b>Total equity and liabilities</b>		<u><u>1,319,869</u></u>	<u><u>1,358,203</u></u>

These financial statements, as set out on pages 6 to 32, were approved and authorised for issue by the members on 30 June 2020 and were signed on their behalf by:

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**Semac Consultants Private Limited, India**  
**Member**



**Semac & Partners LLC****Statement of profit or loss and other comprehensive income for the year ended 31 March 2020****(Expressed in Omani Rials)**

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Revenue	14	1,378,947	1,518,760
Other income	15	56,900	47,248
		<u>1,435,847</u>	<u>1,566,008</u>
<b>Expenses</b>			
Salaries and other related staff costs	16	(884,558)	(884,326)
General and administrative expenses	17	(431,442)	(364,403)
Depreciation	6	(25,415)	(25,332)
Amortisation of intangible assets	7	-	(484)
Provision for expected credit losses on trade receivables	8	(34,574)	(86,213)
Loan to related party written-off		-	(42,047)
		<u>(1,375,989)</u>	<u>(1,402,805)</u>
Finance income	9	15,329	27,023
Net profit before tax for the year		<u>75,187</u>	<u>190,226</u>
Income tax expense	19	(22,767)	(38,110)
Net profit after tax and total comprehensive income for the year		<u>52,420</u>	<u>152,116</u>

**Semac & Partners LLC**

**Statement of changes in members' equity for the year ended 31 March 2020  
(Expressed in Omani Rials)**

	Notes	Share capital	Proposed increase in share capital	Legal reserve	Retained earnings	Total
At 31 March 2018		250,001	999	83,667	760,501	1,095,168
Effect of first time adoption of IFRS 9	8	-	-	-	(52,749)	(52,749)
As at 1 April 2018		250,001	999	83,667	707,752	1,042,419
Net profit after tax and total comprehensive income for the year		-	-	-	152,116	152,116
Dividend for the year	24	-	-	-	(100,804)	(100,804)
At 31 March 2019		250,001	999	83,667	759,064	1,093,731
Net profit after tax and total comprehensive income for the year		-	-	-	52,420	52,420
At 31 March 2020		250,001	999	83,667	811,484	1,146,151

## Semac & Partners LLC

### Statement of cash flows for the year ended 31 March 2020

(Expressed in Omani Rials)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
<b>Operating activities</b>			
Net profit before tax for the year		75,187	190,226
<b>Adjustments for:</b>			
Depreciation	6	25,415	25,332
Amortisation of intangible assets	7	-	484
Provision for expected credit losses on trade receivables	8	34,574	86,213
Profit on disposal of furniture and equipment	15	(5,444)	-
Loan to related party written-off		-	42,047
Interest income	15	(15,329)	(27,023)
Provision for employees' benefit liabilities	12	6,550	7,029
<b>Operating profit before working capital changes</b>		<b>120,953</b>	<b>324,308</b>
<b>Working capital changes</b>			
Trade and other receivables		248,930	(173,368)
Trade and other payables		(83,368)	(58,036)
Due from related parties		16,061	4,010
<b>Cash generated from operating activities</b>		<b>302,576</b>	<b>96,914</b>
Income tax paid	19	(36,703)	(18,804)
Employees' benefit liabilities paid	12	-	(3,739)
<b>Net cash generated from operating activities</b>		<b>265,873</b>	<b>74,371</b>
<b>Investing activities</b>			
Purchase of furniture and equipment	6	(42,025)	(10,072)
Proceeds from sale of furniture and equipment		5,800	-
Margin money deposits matured / (placed)		24,228	(3,572)
<b>Net cash used in investing activities</b>		<b>(11,997)</b>	<b>(13,644)</b>
<b>Financing activities</b>			
Dividend paid	24	-	(311,040)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(311,040)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>253,876</b>	<b>(250,313)</b>
Cash and cash equivalents, beginning of the year		36,253	286,566
<b>Cash and cash equivalents, end of the year</b>	18	<b>290,129</b>	<b>36,253</b>

As the margin money deposits are pledged against bank guarantees issued by the Company's bankers have a maturity of over three months from the date of placement. Hence, these are not considered as part of cash and cash equivalents.

## Semac & Partners LLC

### Notes to the financial statements for the year ended 31 March 2020

(Expressed in Omani Rial)

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#### 1 Legal status and principal activities

Semac & Partners LLC ("the Company") is a limited liability company registered with the Ministry of Commerce and Industry in accordance with the provisions of the Commercial Companies Law of the Sultanate of Oman. The Company's principal activity is providing engineering and architectural consultancy services. The Company is a subsidiary of Semac Consultants Private Limited, incorporated in India (the Parent Company) which is also the ultimate Parent Company.

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

These financial statements were approved for issue by the members on 30 June 2020.

#### 2 Basis of preparation

##### Statement of compliance

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

##### Basis of presentation

The financial statements have been prepared under the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies (Refer Note 4).

##### Functional currency

The financial statements are presented in Omani Rials (RO), which is the functional and reporting currency for the financial statements.

#### 3 Adoption of new and revised IFRS

##### Improvements/amendments to IFRS/IAS 2014/2016 cycle

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's future accounting period with earlier adoption permitted.

##### Standards effective and adopted in the year 2019-2020

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first time for the financial year beginning on and after 1 January 2019 and have been adopted in the preparation of the financial statements:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019

##### IFRS 16 - Leases

IAS 17 "Leases" has been replaced by IFRS 16 - "Leases" retrospectively from 1 January 2019.

Until the financial year 2018, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

## Semac & Partners LLC

### Notes to the financial statements for the year ended 31 March 2020

(Expressed in Omani Rial)

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#### 3 Adoption of new and revised IFRS (continued)

Standards effective and adopted in the year 2019-2020 (continued)

##### IFRS 16 - Leases (continued)

From 1 April 2019, the lessee is required to recognise a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the lease liability and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company does not have any long-term leases. The Company has applied the exemptions available in the standard relating to short-term leases and low-value asset lease contracts. Accordingly, there is no impact of IFRS 16 on the financial statements of the Company.

##### Amendments and interpretations issued and effective in the year 2019-2020

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2019 or subsequent periods:

Standard or Interpretations	Title	Effective for annual periods beginning on or after
IAS 12	Income Taxes	1 January 2019
IAS 19	Employee Benefits	1 January 2019
IAS 23	Borrowing Costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 9	Financial Instruments	1 January 2019
IFRS 3	Business Combinations	1 January 2019
IFRS 11	Joint Arrangements	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

##### IAS 12 "Income Taxes"

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, Company recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

The Company applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the Company first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Company's current practice is in line with these amendments, there is no impact on the financial statements of the Company.

**3 Adoption of new and revised IFRS (continued)**

**Amendments and interpretations issued and effective in the year 2019-2020 (continued)**

**IAS 19 "Employee Benefits"**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, the Company is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. The Company is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments did not have any impact on the financial statements of the Company, as it did not have any plan amendments, curtailments, or settlements during the year.

**IAS 23 "Borrowing Costs"**

The amendments clarify that the Company treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The Company applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the Company first applies those amendments. The Company applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Company's current practice is in line with these amendments, there is no impact on the financial statements of the Company.

**IAS 28 "Investments in Associates and Joint Ventures"**

The amendments clarify that Company applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, Company does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments did not have any impact on the financial statements as the Company does not have long-term interests in its associates and joint ventures.

**3 Adoption of new and revised IFRS (continued)**

**Amendments and interpretations issued and effective in the year 2019-2020 (continued)**

**IFRS 9 "Financial Instruments "**

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments did not have any impact on the financial statements of the Company.

**IFRS 3 "Business Combinations"**

The amendments clarify that, when Company obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

The Company applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments did not have any impact on the financial statements of the Company as there is no business acquisition during the year.

**IFRS 11 "Joint Arrangements"**

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

The Company applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

**IFRIC 23 "Uncertainty over Income Tax Treatments"**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether the Company considers uncertain tax treatments separately;
- how Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how the Company considers changes in facts and circumstances.

## Semac & Partners LLC

### Notes to the financial statements for the year ended 31 March 2020

(Expressed in Omani Rial)

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#### 3 Adoption of new and revised IFRS (continued)

##### Amendments and interpretations issued and effective in the year 2019-2020 (continued)

##### IFRIC 23 "Uncertainty over Income Tax Treatments" (continued)

The Company has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

These amendments had no impact on the financial statements of the Company as there are no uncertainties on the income tax treatment and tax treatment followed by the Company has been accepted by the taxation authorities in previous years with minor adjustments.

##### Standards, amendments and interpretations issued but not yet effective in the year 2019-2020

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the year ended 31 March 2020. They have not been adopted in preparing the financial statements for the year ended 31 March 2020 as not relevant for the Company.

Standard or Interpretations	Title	Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023

##### Early adoption of amendments or standards in the year 2019-2020

The Company did not early-adopt any new or amended standards in the year ended 31 March 2020.

#### 4 Summary of 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 consistently applied to all the years presented, unless stated otherwise.

##### (a) Furniture and equipment

Furniture 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 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 has been calculated at the following rates:

Description	% per annum
Office equipment	15
Motor vehicles	33.33
Furniture and fixtures	33.33

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit or loss. Depreciation rates and estimated useful lives are reassessed at each reporting date.

Repairs and renewals are charged to profit or loss when the expenditure is incurred.



**4 Summary of significant accounting policies (continued)**

**(b) Intangible assets**

Intangible assets, which represent computer software license fee, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives which is not expected to exceed 3 years. The carrying amount of the intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

**(c) Financial instruments**

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**(i) Classification**

The financial assets are classified in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded in the profit and loss or other comprehensive income.

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**4 Summary of significant accounting policies (continued)**

**(c) Financial instruments (continued)**

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at amortised cost based on the below:

- a) the asset is held within a business model with the objective of collecting the contractual cash flows;
- b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Investment in fixed deposits and bonds are carried at amortised cost.

**Equity Instruments**

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss is recognised in other gains/(losses) in profit or loss.

**(iii) De-recognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**(iv) Impairment of financial assets**

The Company applies the Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets.

ECL are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in profit or loss even for receivables that are newly originated or acquired.

**4 Summary of significant accounting policies (continued)**

**(c) Financial instruments (continued)**

**Financial assets (continued)**

**(iv) Impairment of financial assets (continued)**

Impairment of financial assets is measured as either 12 month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month ECL' represents the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that results from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 month ECL. The Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provision matrix based on ageing of the trade receivables.

The Company uses historical loss experience and derived loss rates and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

**(v) Income recognition**

**Interest income**

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

**Financial liabilities**

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

**(i) Classification**

The financial liabilities are classified in the following measurement categories:

- a) those to be measured as financial liabilities at fair value through profit or loss; and
- b) those to be measured at amortised cost.

**(ii) Measurement**

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

## Semac & Partners LLC

### Notes to the financial statements for the year ended 31 March 2020

(Expressed in Omani Rial)

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#### **4 Summary of significant accounting policies (continued)**

##### **(c) Financial instruments (continued)**

###### **Financial liabilities**

##### **(ii) Measurement**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, and subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables, etc.

##### **(iii) Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### **(d) Impairment of non-financial assets**

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

##### **(e) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances.

##### **(f) Provisions**

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

##### **(g) Employees' benefit liabilities**

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

**4 Summary of significant accounting policies (continued)**

**(g) Employees' benefit liabilities (continued)**

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods 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 passage are recognised 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 up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

**(h) Revenue recognition**

The Company provides engineering and architectural consultancy services to the customers. Revenue from contracts with customers are recognised in accordance with IFRS 15 over a period of time using the milestone approach under the output method. If the consideration promised in a contract includes a variable amount, then the Company estimates the amount of consideration to which it expects to be entitled. Consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items.

Contract modifications are accounted when these are approved. Approved modifications, where a change in price has not been agreed, are accounted as variable consideration. Revenue from claims is accounted as variable consideration only when it is highly probable that revenue will not reverse in future.

The Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contract costs are recognised when incurred. The excess of progress billings over revenue earned is classified under trade and other payables as contract liabilities. The excess of revenue earned over progress billings are classified under trade and other receivables as contract assets.

**(i) Dividend distribution**

Dividend distribution to the Company's members is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's members.

**(j) Other income**

Other income is accounted for on the accruals basis, unless collectability is in doubt.

**(k) Foreign currencies**

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

**4 Summary of significant accounting policies (continued)**

**(l) Income tax**

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Current tax is recognised in profit or loss as the expected tax payable on the taxable income for the year, using tax-rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

**(m) Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(n) Leases - the Company as a lessee (effective 1 April 2019)**

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, consistent with accounting policy of previous year for all operating leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**5 Critical accounting estimates and key source of estimation uncertainty**

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

**5 Critical accounting estimates and key source of estimation uncertainty (continued)**

**(i) Impairment reviews**

IFRS requires management to undertake an annual test for impairment of indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter-alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
- b) timing and quantum of future capital expenditure;
- c) long-term growth rates; and
- d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

**(ii) Economic useful lives of furniture and equipment**

The Company's furniture and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of furniture and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

**(iii) Impairment losses on trade receivables**

Trade receivables are stated at their amortised cost as reduced by appropriate impairment allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the trade receivable balances and historical experience adjusted appropriately for the future expectations. Individual trade receivables are written-off when management deems them not to be collectible.

**(iv) Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

**(v) Going concern**

The management of the Company reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the members of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

**5 Critical accounting estimates and key source of estimation uncertainty (continued)**

**(vi) Taxation**

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible taxation authority.

**(viii) Fair value measurements**

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. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.



## Semac & Partners LLC

### Notes to the financial statements for the year ended 31 March 2020

(Expressed in Omani Rial)

#### 6 Furniture and equipment

a) The movement in furniture and equipment is as set out below:

2019-20	Motor vehicles	Furniture and fixtures	Office equipment	Total
<b>Cost</b>				
At 31 March 2019	225,051	22,376	52,993	300,420
Additions during the year	38,100	3,250	675	42,025
Disposals during the year	(56,894)	-	-	(56,894)
At 31 March 2020	<u>206,257</u>	<u>25,626</u>	<u>53,668</u>	<u>285,551</u>
<b>Accumulated depreciation</b>				
At 31 March 2019	209,035	19,815	45,803	274,653
Charge for the year	20,291	1,094	4,030	25,415
Relating to disposals	(56,538)	-	-	(56,538)
At 31 March 2020	<u>172,788</u>	<u>20,909</u>	<u>49,833</u>	<u>243,530</u>
<b>Net book amount</b>				
At 31 March 2020	<u>33,469</u>	<u>4,717</u>	<u>3,835</u>	<u>42,021</u>
<b>2018-19</b>	<b>Motor vehicles</b>	<b>Furniture and fixtures</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>				
At 31 March 2018	219,851	19,146	51,351	290,348
Additions during the year	5,200	3,230	1,642	10,072
At 31 March 2019	<u>225,051</u>	<u>22,376</u>	<u>52,993</u>	<u>300,420</u>
<b>Accumulated depreciation</b>				
At 31 March 2018	188,747	18,592	41,982	249,321
Charge for the year	20,288	1,223	3,821	25,332
At 31 March 2019	<u>209,035</u>	<u>19,815</u>	<u>45,803</u>	<u>274,653</u>
<b>Net book amount</b>				
At 31 March 2019	<u>16,016</u>	<u>2,561</u>	<u>7,190</u>	<u>25,767</u>

(b) The Company operates from premises leased from third parties at annual rent of RO 11,400 (31 March 2019: RO 11,650) per annum. At 1 April 2019 and at reporting date, the lease contract is for the period of less than a year. Hence, the Company has applied exemption available in the IFRS 16 relating to short-term leases.

**Semac & Partners LLC**

**Notes to the financial statements for the year ended 31 March 2020**

(Expressed in Omani Rial)

<b>7 Intangible assets</b>		
<b>2019-20</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost</b>		
At 31 March 2019 and at 31 March 2020	26,496	26,496
<b>Accumulated amortisation</b>		
At 31 March 2019 and at 31 March 2020	26,496	26,496
<b>Net book amount</b>		
at 31 March 2020	-	-
<b>2018-19</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost</b>		
At 31 March 2018 and at 31 March 2019	26,496	26,496
<b>Accumulated amortisation</b>		
At 31 March 2018	26,012	26,012
Charge for the year	484	484
At 31 March 2019	26,496	26,496
<b>Net book amount</b>		
At 31 March 2019	-	-
<b>8 Trade and other receivables</b>	<b>2020</b>	<b>2019</b>
Trade receivables (gross)	576,562	852,233
Less: provision for ECL	(130,031)	(131,138)
Trade receivables (net)	446,531	721,095
Prepaid expenses	33,573	39,591
Other advances	-	2,922
	480,104	763,608

- (a) Trade receivables are generally on 60 to 90 days credit terms.
- (b) The carrying amounts of the Company's trade receivables are denominated in Omani Rials.
- (c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

## Semac & Partners LLC

### Notes to the financial statements for the year ended 31 March 2020

(Expressed in Omani Rial)

#### 8 Trade and other receivables (continued)

- (d) The Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The ECL rates are based on the Company's historical credit losses. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Company's customers.

At 31 March 2019, the lifetime ECL provision for trade receivables is as follows:

	Upto 180 days	180 days to 365 days	More than 365 days	Total
Gross carrying amount	611,532	61,395	179,306	852,233
Loss provision	37,371	23,917	69,850	131,138

At 31 March 2020, the lifetime ECL provision for trade receivables is as follows:

	Upto 180 days	180 days to 365 days	More than 365 days	Total
Gross carrying amount	320,946	59,025	196,591	576,562
Loss provision	33,412	12,885	83,734	130,031

The movement in provision for ECL is as follows:

	2020	2019
Opening balance	131,138	50,680
Impact due to the first-time adoption of IFRS 9	-	52,749
As at 1 April	131,138	103,429
Provision for the year	34,574	86,213
Written-off during the year	(35,681)	(58,504)
Closing balance	130,031	131,138

The creation and release of provision for impaired trade receivables have been included in profit or loss. Amounts charged to the provision account are generally written-off, when there are no expectation of recovering additional cash.

#### 9 Related party transactions and balances

The Company, in the ordinary course of business, deals with entities, which fall within the definition of "related parties" as contained in International Accounting Standard 24. The terms of these transactions are approved by the management and the management believes that such transactions are not materially different from those with unrelated parties. The balances due from related parties have been disclosed separately in the statement of financial position.

**Semac & Partners LLC****Notes to the financial statements for the year ended 31 March 2020****(Expressed in Omani Rial)****9 Related party transactions and balances**

<b>a) Significant transactions during the year with related parties are as follows:</b>	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Interest income	<u>15,329</u>	<u>27,023</u>
<b>b) Balances due from related parties are as follows:</b>	<b>2020</b>	<b>2019</b>
Semac Consultants Dubai	199,718	170,645
Semac Consultants Africa Ltd.	186,249	186,249
Semac Consultants PVT LTD	-	29,805
	<u>385,967</u>	<u>386,699</u>

Amounts due from related parties are unsecured, have no fixed repayment terms and arise in the ordinary course of business. These are secured by an undertaking from the Parent Company.

Semac Consultants Dubai bears interest at rate of 8% per annum.

**10 Share capital and proposed increase in share capital**

The share capital, as registered with the Ministry of Commerce and Industry, is RO 250,001 (2019: RO 250,001), comprising of 250,001 shares of RO 1 each (2019: 250,001 shares of RO 1 each).

A break down of the shareholding pattern as at 31 March 2020 and 2019 is as follows:

<b>Name of the Members</b>	<b>Percentage shareholding</b>	<b>Amount</b>
Semac Consultants Private Limited, India	65%	162,501
IBN Khadun Al Madaen Engineering Consultants	35%	87,500
	<u>100%</u>	<u>250,001</u>

An additional amount of RO 999 was contributed by the members towards the proposed increase in share capital. The increased share capital is in the process of being registered with the Ministry of Commerce and Industry as at 31 March 2020. Accordingly, the amount has been disclosed as proposed increase in share capital as part of members' equity at the end of the reporting period.

**11 Legal reserve**

In accordance with the provisions of the Commercial Companies Law an amount equivalent to 10 % of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the share capital is set aside.

**Semac & Partners LLC**

**Notes to the financial statements for the year ended 31 March 2020**

**(Expressed in Omani Rial)**

<b>12 Employees' benefit liabilities</b>	<b>2020</b>	<b>2019</b>
Opening balance	52,210	48,920
Charge for the year	6,550	7,029
Payments during the year	-	(3,739)
Closing balance	<u>58,760</u>	<u>52,210</u>
Number of employees	<u>61</u>	<u>51</u>

<b>13 Other payables</b>	<b>2020</b>	<b>2019</b>
Accrued expenses	84,307	128,049
Dividend payable (Note 24)	10,804	50,804
Other payables	1,049	675
	<u>96,160</u>	<u>179,528</u>

Other payables are generally settled within 60 to 90 days of the suppliers' invoice date.

<b>14 Revenue</b>	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
<b>Revenue recognised over a period of time in the Sultanate of Oman:</b>		
Revenue from engineering and architectural consulting services	<u>1,378,947</u>	<u>1,518,760</u>

<b>15 Other income</b>	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Tender fees	44,725	36,790
Profit on sale of furniture and equipment	5,444	-
Miscellaneous income	6,731	10,458
	<u>56,900</u>	<u>47,248</u>

<b>16 Salaries and other related staff costs</b>	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Staff salaries	837,506	855,951
Other related staff costs	40,502	21,346
Provision for employees' benefits liabilities	6,550	7,029
	<u>884,558</u>	<u>884,326</u>

**Semac & Partners LLC****Notes to the financial statements for the year ended 31 March 2020****(Expressed in Omani Rial)**

<b>17 General and administrative expenses</b>	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Professional fees	184,764	110,446
Insurance	59,014	82,285
Rent expense on short-term lease	32,447	42,191
Vehicle expenses	28,021	28,852
Office expenses	28,337	27,448
Travelling and conveyance	18,616	21,675
Donation	42,570	16,728
Postage and telephone	14,115	13,257
Government fees	1,352	7,736
Printing and stationery	7,969	7,384
Repairs and maintenance	2,036	735
Registration and renewals	3,257	2,941
Electricity and water	3,382	2,636
Bank charges	5,562	89
	<u>431,442</u>	<u>364,403</u>

<b>18 Cash and bank balances</b>	<b>2020</b>	<b>2019</b>
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For the purposes of the statement of cash flows, cash and bank balances comprise the following:

Cash on hand	3,643	3,383
Current account balances with banks	286,486	32,870
<b>Cash and cash equivalents</b>	<u>290,129</u>	<u>36,253</u>
Margin money deposits	121,648	145,876
	<u>411,777</u>	<u>182,129</u>

The current account balances with banks are non-interest bearing.

Margin money deposits are pledged against bank guarantees issued by the Company.

**19 Income tax**

- (a) Provision for income tax amounting to RO 18,798 (2019: RO 33,182) has been made after giving due consideration to adjustments for potential allowances and disallowances. Income tax assessment is completed up to the year 2015. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments that are pending would not be material to the Company's financial position as at 31 March 2020.

## Semac & Partners LLC

### Notes to the financial statements for the year ended 31 March 2020

(Expressed in Omani Rial)

#### 20 Income tax (continued)

(b) Income tax expense	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	18,798	33,182
Prior year tax	3,969	4,928
	<u>22,767</u>	<u>38,110</u>
(d) Income tax payable reported in the statement of financial position is as follows:	2020	2019
Opening balance	32,734	13,428
Add: provision for the current year	18,798	38,110
Add: provision for prior year tax	3,969	-
Less: payments during the year	(36,703)	(18,804)
Closing balance	<u>18,798</u>	<u>32,734</u>

The Company has not recognised deferred tax assets amounting to RO 22,074 primarily arising due to uncertainty over availability of trade receivable provision and write-off as deduction in arriving at taxable income.

#### 20 Capital risk management

The capital is managed by the Company in a way that it is able to continue to operate as a going concern while maximising returns to members.

The capital of the Company consists of share capital, retained earnings and reserves. The Company manages its capital by making adjustments in bringing additional capital in light of changes in business conditions.

#### 21 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, due from related parties, and other payables. 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 principals for overall risk management, as well as policies covering specific areas.

**21 Financial assets and liabilities and risk management (continued)**

**(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 maximise members' value.

The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 March 2020 and 2019.

In addition, the Company's activities expose it to a variety of financial risks: market risk (including currency rate risk, interest rate risk and price risk), credit risk and liquidity risk.

**(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 Omani Rial or currencies fixed against the Omani Rial. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthen against the Omani Rial with all other variables held constant.

Management considers that sensitivity 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 funds at commercial interest rates.

**(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 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.

The Company does not have any investments and is, therefore, not exposed to price risk.

**(e) 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.

The Company is potentially exposed to credit risk principally on its trade receivables and bank balances. The bank balances are held with national banks with good credit ratings. The credit risk on trade receivables is subject to credit evaluations and provision is made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk due to its large number of customers.



**Semac & Partners LLC****Notes to the financial statements for the year ended 31 March 2020****(Expressed in Omani Rial)****21 Financial assets and liabilities and risk management (continued)****(f) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting 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 unutilised credit facilities with funds, to meet any future commitments. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

<b>Liabilities as at 31 March 2020</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>
Other payables	96,160	96,160	-
	<u>96,160</u>	<u>96,160</u>	<u>-</u>

  

<b>Liabilities as at 31 March 2019</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>
Other payables	179,528	179,528	-
	<u>179,528</u>	<u>179,528</u>	<u>-</u>

**22 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 and other receivables, due from related parties and other payables. 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.

**23 Contingent liabilities**

	<b>2020</b>	<b>2019</b>
Bank guarantees	98,870	145,876
	<u>98,870</u>	<u>145,876</u>

**24 Dividend**

During the year ended 31 March 2020, no dividend has been proposed and approved for the financial year 2019-2020. The Company has paid dividend amounting to RO 311,040 during the year ended 31 March 2019 of which RO 100,804 pertains to 31 March 2019 and RO 210,236 pertains to the year 31 March 2018.

**25 Comparative figures**

Certain comparative figures have been regrouped or reclassified, wherever necessary, so that they conform to those of the current year. Such regroupings or reclassifications do not affect previously reported net profit or members' equity.

**26 Subsequent events**

Subsequent to the year end, on 11 March 2020, the World Health Organisation declared the novel Corona virus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In accordance with the guidelines issued by the Supreme Committee dealing with COVID-19 in the Sultanate of Oman, all entities (other than those dealing with essential services) had to temporarily suspend their operations from 23 March 2020 as part of the precautionary measures aimed to limit the spread of the COVID-19 in the Sultanate of Oman. As at the date of approval of these financial statements, the Company continues to operate with limited restrictions until further notification from the Supreme Committee dealing with COVID-19 in the Sultanate of Oman.