Semac & Partners LLC

Financial statements for the year ended 31 March 2021

Contents

Semac & Partners LLC
Administration and contact details as at 31 March 2021

Commercial registration number	1594788
Members	Semac Consultants Private Limited, India IBN Khadun Al Madaen Engineering Consultants LLC
Registered office	Post Box 3784 Postal code 112 Muscat Sultanate of Oman
Bankers	Bank Muscat SAOG Oman Arab Bank SAOG
Auditors	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 2021.

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 2021 are set out on page 7 of the financial statements.

The Members proposed interim dividend of RO 345,648 during the year ended 31 March 2021.

Auditors

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

On behalf of Semac & Partners LLC

Semac Consultants Private Limited, India
Member

BDO

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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 2021, 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 2021, 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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.

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 has 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 2021, in all material respects, comply with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman.

Muscat
Date: 17 June 2021

Semac & Partners LLC
Statement of financial position as at 31 March 2021
(Expressed in Omani Rials)

	Notes	2021	2020
ASSETS			
Non-current assets			
Furniture and equipment	6	24,854	42,021
Total non-current assets		24,854	42,021
Current assets			
Due from related parties	9	-	385,967
Trade and other receivables	8	534,136	480,104
Cash and bank balances	18	337,059	411,777
Total current assets		871,195	1,277,848
Total assets		896,049	1,319,869
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	250,001	250,001
Proposed increase in share capital	10	-	999
Legal reserve	11	83,667	83,667
Retained earnings		99,252	811,484
Total capital and reserves		432,920	1,146,151
Non-current liabilities			
Employees' benefit liabilities	12	63,436	58,760
Total non-current liabilities		63,436	58,760
Current liabilities			
Payables	13	382,330	96,160
Income tax payable	19	17,363	18,798
Total current liabilities		399,693	114,958
Total liabilities		463,129	173,718
Total equity and liabilities		896,049	1,319,869

These financial statements, as set out on pages 6 to 29, were approved and authorised for issue by the members on 17 June 2021 and were signed on their behalf by:

Semac Consultants Private Limited, India
Member

Semac & Partners LLC
Statement of profit or loss and other comprehensive income for the year ended 31 March 2021
(Expressed in Omani Rials)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Revenue	14	1,203,074	1,378,947
Other income	15	41,235	56,900
		1,244,309	1,435,847
Expenses			
Salaries and other related staff costs	16	(853,481)	(884,558)
General and administrative expenses	17	(257,129)	(431,442)
Depreciation	6	(18,142)	(25,415)
Provision for expected credit losses on trade receivables	8	(30,599)	(34,574)
Amounts due from related parties written-off	9	(428,979)	-
		(1,588,331)	(1,375,989)
(Loss)/profit from operations		(344,021)	59,858
Finance income	9	-	15,329
(Loss)/profit before tax for the year		(344,021)	75,187
Income tax expense	19	(22,563)	(22,767)
Total comprehensive and net (loss)/profit for the year		(366,584)	52,420

Semac & Partners LLC

Statement of changes in members' equity for the year ended 31 March 2021

(Expressed in Omani Rials)

	Notes	Share capital	Proposed increase in share capital	Legal reserve	Retained earnings	Total
At 31 March 2019		250,001	999	83,667	759,064	1,093,731
Net profit 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
Net loss and total comprehensive loss for the year		-	-	-	(366,584)	(366,584)
Transferred to a member	13	-	(999)	-	-	(999)
Dividend proposed	24	-	-	-	(345,648)	(345,648)
At 31 March 2021		250,001	-	83,667	99,252	432,920

Semac & Partners LLC
Statement of cash flows for the year ended 31 March 2021
(Expressed in Omani Rials)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Operating activities			
(Loss)/profit before tax for the year		(344,021)	75,187
Adjustments for:			
Depreciation	6	18,142	25,415
Provision for expected credit losses on trade receivables	8	30,599	34,574
Profit on disposal of furniture and equipment	15	-	(5,444)
Interest income	9	-	(15,329)
Provision for employees' benefit liabilities	12	7,276	6,550
Operating (loss)/profit before working capital changes		(288,004)	120,953
Working capital changes			
Trade and other receivables		(84,631)	248,930
Payables		85,975	(83,368)
Due from related parties		385,967	16,061
Cash generated from operating activities		99,307	302,576
Income tax paid	19	(23,998)	(36,703)
Employees' benefit liabilities paid	12	(2,600)	-
Net cash generated from operating activities		72,709	265,873
Investing activities			
Purchase of furniture and equipment	6	(975)	(42,025)
Proceeds from sale of furniture and equipment		-	5,800
Margin money deposits (placed) / matured		(790)	24,228
Net cash used in investing activities		(1,765)	(11,997)
Financing activities			
Dividend paid	24	(146,452)	-
Net cash used in financing activities		(146,452)	-
Net change in cash and cash equivalents		(75,508)	253,876
Cash and cash equivalents, beginning of the year		290,129	36,253
Cash and cash equivalents, end of the year	18	214,621	290,129

Disclosure as required by IAS 7, "Statement of Cash Flows" has been shown in Note 28 to the financial statements.

1 Legal status and principal activities

Semac & Partners LLC ("the Company") is a limited liability company registered with the Ministry of Commerce, Industry and Investment Promotion 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 17 June 2021.

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.

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

Standards, amendments and interpretations effective and adopted in the year 2020-21

The following new standards, amendments to existing standards or interpretations to published standards are that have been adopted in the preparation of the financial statements for the year ended 31 March 2021 but have not had a significant effect on the Company:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IFRS 3	Business Combination: Definition of a Business	1 January 2020
Amendments to IFRS 16	Leases: COVID-19-Related Rent Concessions	1 June 2020

Definition of a Business (Amendments to IFRS 3)

Amendments to IFRS 3 are mandatorily effective for reporting periods beginning on or after 1 January 2020. The Company has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 "Business Combinations". The amendments do not permit the Company to reassess whether acquisitions occurring prior to 1 January 2020 met the revised definition of a business.

This amendment had no impact on the financial statements of the Company, as there were no business acquisitions during the year.

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2020-21 (continued)

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

This amendment had no impact on the financial statements as the Company does not has long term lease contracts.

Standards, amendments and interpretations issued but not yet effective in the year 2020-21

The following new/amended accounting standards and interpretations have been issued, but are not mandatory and have not been adopted in preparing the financial statements for the year ended 31 March 2021:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IFRS 4, 7, 9 and 16	Interest Rate Benchmark Reform	1 January 2021
Amendments to IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 1, 9, 16 and IAS 41	Annual Improvements to IFRS 2018-2020	1 January 2022
Amendments to IFRS 3	References to Conceptual Framework	1 January 2022
Amendments to IAS 1 and 8	Disclosure Initiative - Definition of Material	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

The Company does not expect these standards issued by the IASB, but not yet effective, to have a material impact on the Company.

Early adoption of amendments or standards in the year 2020-21

The Company did not early adopt any new or amended standards in the year ended 31 March 2021.

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.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(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 profit and loss or other comprehensive income.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(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).

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; and

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.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(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.

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.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial liabilities (continued)

(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.

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 applies to other payables.

(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.

4 Summary of significant accounting policies (continued)

(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.

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.

(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

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.

(vii) 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.

6 Furniture and equipment

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

2020-21	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
At 31 March 2020	206,257	25,626	53,668	285,551
Additions during the year	-	-	975	975
At 31 March 2021	206,257	25,626	54,643	286,526
Accumulated depreciation				
At 31 March 2020	172,788	20,909	49,833	243,530
Charge for the year	12,971	1,108	4,063	18,142
At 31 March 2021	185,759	22,017	53,896	261,672
Net book amount				
At 31 March 2021	20,498	3,609	747	24,854

2019-20	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
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	206,257	25,626	53,668	285,551
Accumulated depreciation				
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	172,788	20,909	49,833	243,530
Net book amount				
At 31 March 2020	33,469	4,717	3,835	42,021

(b) The Company operates from premises leased from third parties at annual rent of RO 10,805 (31 March 2020: RO 11,400) per annum. As at the 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. Additionally, the Company has short-term lease contracts for employee accomodations.

7 Intangible assets

2020-21	**Computer software**	**Total**
Cost		
At 31 March 2020 and at 31 March 2021	26,496	26,496
Accumulated amortisation		
At 31 March 2020 and at 31 March 2021	26,496	26,496
Net book amount		
At 31 March 2021	-	-

2019-20	**Computer software**	**Total**
Cost		
At 31 March 2019 and at 31 March 2020	26,496	26,496
Accumulated amortisation		
At 31 March 2019 and at 31 March 2020	26,496	26,496
Net book amount		
At 31 March 2020	-	-

8 Trade and other receivables

	2021	**2020**
Trade receivables (gross)	674,485	576,562
Less: provision for ECL	(160,630)	(130,031)
Trade receivables (net)	513,854	446,531
Prepaid expenses	19,393	32,639
Other advances	889	934
	534,136	480,104

(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.

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 2021, the ageing analysis and 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	422,717	28,447	223,321	674,485
Loss provision	32,957	9,419	118,254	160,630

At 31 March 2020, the ageing analysis and 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:	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance	130,031	131,138
Provision for the year	30,599	34,574
Written-off during the year	-	(35,681)
Closing balance	160,630	130,031

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 mutually agreed and approved by the members. The balances due from related parties have been disclosed separately in the statement of financial position.

9 Related party transactions and balances

a) Significant transactions during the year with related parties are as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income	-	15,329

b) Balances due from related parties are as follows:

	2021	2020
Semac Consultants, Dubai	242,730	199,718
Semac Consultants Africa Ltd.	186,249	186,249
	428,979	385,967
Less: write-off during the year	(428,979)	-
	-	385,967

Amounts due from related parties are unsecured, have no fixed repayment terms and arise in the ordinary course of business. During the year, the amounts due from related parties have been fully written-off.

10 Share capital and proposed increase in share capital

The share capital, as registered with the Ministry of Commerce Industry and Investment Promotion, is RO 250,001 (2020: RO 250,001), comprising of 250,001 shares of RO 1 each (2020: 250,001 shares of RO 1 each).

A break down of the shareholding pattern as at 31 March 2021 and 2020 is as follows:

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

An additional amount of RO 999 was earlier contributed by the members towards the proposed increase in share capital. However, this has been transferred to a member, in the current year.

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.

12 Employees' benefit liabilities

	2021	2020
Opening balance	58,760	52,210
Charge for the year (Note 16)	7,276	6,550
Payments during the year	(2,600)	-
Closing balance	63,436	58,760
Number of employees	62	61

13 Payables

	2021	2020
Accrued expenses	157,549	84,307
Dividend payable (Note 24)	210,000	10,804
Due to a member	999	-
Other payables	1,152	1,049
Advance from customers	12,631	-
	382,330	96,160

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

14 Revenue

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue recognised over a period of time in the Sultanate of Oman:		
Revenue from engineering and architectural consulting services	1,203,074	1,378,947

15 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Tender fees	40,995	44,725
Profit on sale of furniture and equipment	-	5,444
Miscellaneous income	240	6,731
	41,235	56,900

16 Salaries and other related staff costs

	Year ended 31 March 2021	Year ended 31 March 2020
Staff salaries	816,566	837,506
Other related staff costs	29,640	40,502
Provision for employees' benefits liabilities (Note 12)	7,276	6,550
	853,481	884,558

17 General and administrative expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Professional fees	73,698	184,764
Insurance	62,621	59,014
Rent expense on short-term lease	34,491	32,447
Vehicle expenses	30,201	28,021
Office expenses	18,919	28,337
Postage and telephone	16,265	14,115
Travelling and conveyance	7,993	18,616
Printing and stationery	3,977	7,969
Registration and renewals	3,282	3,257
Government fees	2,447	1,352
Electricity and water	2,288	3,382
Donation	250	42,570
Repairs and maintenance	385	2,036
Bank charges	313	5,562
	257,129	431,442

18 Cash and bank balances

For the purposes of the statement of cash flows, cash and bank balances comprise the following:

	2021	2020
Cash on hand	3,215	3,643
Current account balances with banks	211,406	286,486
Cash and cash equivalents	214,621	290,129
Margin money deposit	122,438	121,648
	337,059	411,777

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 17,363 (2020: RO 18,798) has been made after giving due consideration to adjustments for potential allowances and disallowances. Income tax assessment is completed up to the year 2017. 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 2021.

19 Income tax (continued)

(b) Income tax expense

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	17,363	18,798
Prior year tax	5,200	3,969
	22,563	22,767

(c) Income tax payable reported in the statement of financial position is as follows:

	2021	2020
Opening balance	18,798	32,734
Add: provision for the current year	17,363	18,798
Add: provision for prior year tax	5,200	3,969
Less: payments during the year	(23,998)	(36,703)
Closing balance	17,363	18,798

The Company has not recognised deferred tax assets amounting to RO 26,655 (2019: RO 22,074) primarily arising due to uncertainty over allowability of trade receivable 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 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 principles 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 2021 and 2020.

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 RO or currencies pegged against the U.S. Dollars. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthen against the RO 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.

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.

Liabilities as at 31 March 2021	Total	Less than 1 year	Between 1 and 5 years
Payables	382,330	382,330	-
	382,330	382,330	-

Liabilities as at 31 March 2020	Total	Less than 1 year	Between 1 and 5 years
Payables	96,160	96,160	-
	96,160	96,160	-

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 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

	2021	2020
Performance bonds	103,470	98,870
	103,470	98,870

24 Dividend

During the year ended 31 March 2021, the Company proposed an interim dividend of RO 345,648 and paid RO 146,452, including RO 10,804 for the previous years.

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

There were no events occurring subsequent to 31 March 2021 and before the date of the approval that are expected to have a significant impact on these financial statements.

27 Implications of COVID-19

COVID-19 has interrupted the movement of people and goods throughout the world, as well as affecting the profitability and viability of many entities. Its effect may vary from one entity to another. Following is the assessment of impact of COVID-19 on the operations of the Company:

- The Company's revenue for the current year was lower by 13% in comparison to the previous year primarily due to COVID-19 as the business was interrupted due to lockdown for a considerable part of the year. Further, the Company has written-off the amounts receivable from related parties and therefore, reported a net loss of RO 366,584 as compared to a net profit of RO 52,420 in the previous year.

28 Notes supporting the statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

2020-21	1 April 2020	Cash flows	Non-cash changes	31 March 2021
Particulars				
Dividend payable	10,804	(146,452)	345,648	210,000